



County Administrative Office

May 29, 2015

I hereby submit for the Board's consideration the 2015-16 Recommended Budgets, guided by the Countywide Vision. The Countywide Vision calls for the creation of a "complete county" that capitalizes on its many assets to collaboratively establish a sustainable system of economic opportunity, education, well-being and amenities. The Countywide Vision and the Board adopted County Goals and Objectives provide County government with clear direction as it makes budget decisions.

In this document you will see that County departments, Board Governed Special Districts and Other Agencies built their 2015-16 Recommended Budgets to achieve the Board's policy direction. For 2015-16 each department has reexamined performance measures to ensure they are attainable and relevant to the department's core mission, and that they tie directly to the 2015-16 County Goals and Objectives.

The 2015-16 Recommended Budget of \$5.2 billion is balanced and, consistent with policy direction received from the Board of Supervisors, no reserves are being used to fund ongoing costs and there is limited use of one-time sources to fund operating costs. The 2015-16 Recommended Budgets address the following key issues:

- Funding of medical and mental health services in County detention centers
- Funding to begin restoration of services reduced during the recession
- Ongoing funding for pavement condition maintenance
- Continues investment in capital improvement and transportation projects
- Maintains fiscal responsibility through contributions to reserves of \$68.5 million

This budget book presents the County General Fund and County restricted general funds. It also presents capital project funds, special revenue funds, enterprise funds, internal service funds and permanent funds for all entities in the 2015-16 Recommended Budget book including the County, Board Governed County Service Areas, San Bernardino County Fire Protection District, San Bernardino County Flood Control District, Big Bear Valley Recreation and Park District, and Bloomington Recreation and Park District. Other agencies presented in this budget book include County Industrial Development Authority, Economic and Community Development Corporation, In-Home Supportive Services Public Authority, and Inland Counties Emergency Medical Agency. The total requirements for these funds in 2015-16 are \$5.2 billion, which includes amounts budgeted as contingencies or contributions to reserves. Excluding these amounts, total projected expenditures for 2015-16 are \$4.7 billion.

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General Fund requirements total \$2.8 billion and are funded by Countywide discretionary revenues (primarily property taxes), departmental revenues, and other funding sources of the General Fund. Of this \$2.8 billion, only \$545.2 million is truly discretionary.

	Requirements (In Millions)		
	2014-15 Modified	2015-16 Recommended	Change
General Fund	\$ 2,782.5	\$ 2,821.3	\$ 38.8
General Fund - Restricted	\$ 53.2	\$ 45.8	(7.4)
Special Revenue Funds	\$ 1,091.7	\$ 1,110.0	18.3
Capital Project Funds	\$ 283.2	\$ 241.6	(41.6)
Enterprise Funds	\$ 690.0	\$ 692.7	2.6
Internal Service Funds	\$ 226.5	\$ 238.8	12.3
Permanent Funds	\$ 1.6	\$ 1.6	(0.0)
	<u>\$ 5,128.7</u>	<u>\$ 5,151.8</u>	<u>\$ 23.0</u>

The \$38.8 million net increase in General Fund requirements includes notable increases in the two largest County operational groups: Human Services (\$55.8 million) and Law and Justice (\$18.9 million). The Human Services Operational Group is anticipating increased State and Federal funding primarily to support increased caseloads and provide additional services for participants of the Welfare to Work and Child Welfare Services programs. The County is also allocating significant additional resources to meet the growing need for augmented correctional services associated with Public Safety Realignment. This includes the need for additional medical and mental health services for County inmates and improving span of control at West Valley Detention Center.

The 2015-16 County General Fund budget also reflects the shift from budgeting for future infrastructure projects and economic uncertainties in contingencies to instead contributing these amounts to reserves. This change in approach better characterizes the multi-year nature of projects, economic impacts and other needs to be addressed with limited General Fund resources. This has resulted in the net increase of \$18.8 million in General Fund Contributions to Reserves offset by a decrease in General Fund Contingencies (\$59.3 million).

The \$7.4 million decrease in Restricted General Funds is caused primarily by a reduction in the transfer from the Health Realignment Fund to the Arrowhead Regional Medical Center as a result of State legislation (AB 85). This legislation requires a redirection of a portion of health realignment revenues, which will therefore not be available for ARMC operations. However, overall operations of the hospital are not anticipated to be impacted as net sources available to the department are increasing \$10.9 million in 2015-16.

The increase of \$18.3 million in Special Revenue Funds is primarily due to increases of available reserves within the Flood Control District Budget Units as the result of the receipt of a settlement payment related to an insurance coverage action (\$14.0 million) and delayed capital projects (\$6.1 million) in 2014-15. These increases in 2014-15 are largely being set aside as reserves in 2015-16 for future planned capital projects and for response to emergency storm events.

The \$41.6 million decrease in Capital Project Funds is primarily due to a decrease in budgeted expenditures for the 800 MHz Upgrade Project, the Sheriff's Crime Lab Expansion Project, and the Buildings Acquisition and Retrofit Project compared to 2014-15.

Internal Service Funds requirements are increasing a net \$12.3 million. The most notable change is in the Information Services Department, which will fund a capital improvement project for warehouse space that will include specialty vehicle storage and office space.

	Budgeted Staffing		
	2014-15 Modified	2015-16 Recommended	Change
County General Fund	13,852	14,115	263
County - Other Funds	6,307	6,370	63
Special Districts and Other Agencies	1,307	1,270	(37)
	21,466	21,755	289

Budgeted staffing recommended for 2015-16 is 21,755, an increase of 289 positions from the 2014-15 Modified Budget. General Fund staffing is increasing by 263 positions, primarily due to net increases to the Department of Behavioral Health (65) for Correctional and Clinical Mental Health services and Alcohol and Drug services; to the Probation – Administration, Correction, Detention budget unit (43) for the expanded state SB 678 supervision program, which aides in the reduction of County commitments to State prison; to the Human Services Administrative Claim budget unit (28) primarily to provide for the oversight, mentoring, and training of line staff in the Children and Family Services Department; and the Sheriff's Department – Detentions budget unit (18) to provide for increased level of health screenings for inmates and improve span of control at West Valley Detention Center.

Staffing in Other County Funds is increasing by 63 positions primarily due to the expansion of Adult System of Care programs within the Behavioral Health – Mental Health Services Act (29) budget unit and the Head Start Program for the Preschool Services Department (14).

Special Districts and Other Agencies are decreasing by 37 positions primarily due to decreases within the Fire Protection District, which has a net decrease of 38 positions mainly due to the deletion of vacant limited term and paid call firefighter positions. These deletions will have no impact on operations.

HIGHLIGHTS OF 2015-16 RECOMMENDED BUDGET

Following are highlights of programmatic and budgetary proposals included in the Recommended Budget as they relate to the 2015-16 County Goals as adopted by the Board of Supervisors on April 7, 2015.

Implement the Countywide Vision

- The County Administrative Office will coordinate the launch of a literacy initiative in support of the Countywide Vision's Cradle to Career Regional Implementation Goal.
- During 2014-15, Public Health's Community Vital Signs Initiative continued to advance initiatives as part of the County's Wellness Element. Focus in 2015-16 will be on implementing the Community Transformation Plan, which addresses Education, Economy, Access to Health and Wellness, Safety, and developing a Vital Signs' business intelligence data platform. The innovative development of this platform using Geographic Information System mapping will quickly help partners and residents identify trends, locate resources, evaluate effectiveness of community transformation strategies, identify where improvement efforts are most needed, and leverage and align partner resources for sustainability.



Create, Maintain, and Grow Jobs and Economic Value in the County

- The 2015-16 recommended Architecture and Engineering capital budget includes 270 active projects with total requirements of \$221.6 million, including \$67.7 million in new projects funded primarily with Discretionary General Funding (Net County Cost). The \$58.0 million of general funding includes an ongoing base budget of \$12.0 million for maintenance and non-major Capital Improvement Program (CIP) projects, and \$46.0 million for construction and major CIP projects. The major projects include \$26.4 million for the 800 Megahertz Upgrade Project, \$11.2 million for the County Buildings Acquisition and Retrofit Project, \$5.8 million for various Sheriff facility improvements, and \$2.6 million for various other projects.
- The recommended Workforce Development Department (WDD) budget includes \$3.1 million in Federal funding for the placement of 750 Calworks Youth into paid work experience. This will be accomplished through a partnership between WDD and the Transitional Assistance Department (TAD).
- Regional Parks continues to expand amenities at Calico Ghost Town Regional Park by utilizing Off-Highway Vehicle funding to provide additional campground hook-ups and cabins. These improvements are expected to generate additional revenue for the department and the concession operators, as well as encourage new tourism.

Improve County Government Operations

- A team consisting of the Auditor-Controller/Treasurer/Tax Collector, County Administrative Office, Finance and Administration, Human Resources, and Information Services Department are evaluating proposals for the County's Enterprise Financial Management System and a vendor will be selected through a competitive procurement. Implementation will begin in 2015-16. The new financial system will streamline business processes and provide better management information.
- The Auditor-Controller/Treasurer/Tax Collector recommended budget includes funding for two Accountant II's in Internal Audits to perform mandated audits, and an Accountant III in Management Services to prepare Indirect Cost Rate Proposals for County departments.
- A total of \$16.0 million has been set-aside in reserves for two significant County Fire projects. The Fire Consolidated Headquarters project (\$13.5 million) will provide for a more efficient use of existing resources through the consolidation of various County Fire functions/services at one location. The Fire Training Center (\$2.5 million) will enable County Fire to expand its current training capabilities. Both of these projects will eliminate County Fire's need for leased facilities.
- County Fire will receive an additional \$2.1 million of ongoing General Fund support for the following purposes to assist the department with achieving its mission of providing services for the health and well-being of County citizens:
 - \$749,500 to contract with the Kern County Fire Department for fire protection services to the underserved area of northwest San Bernardino County.
 - \$537,336 for annual fixed asset (excluding vehicles) replacement costs.
 - \$531,712 for costs related to the conversion of 12 limited-term positions (6 Engineers and 6 Firefighters) to regular positions.
 - \$300,000 to the Office of Emergency Services for non-grant funded costs such as supervision of the volunteer program and the webEOC.

- Finance and Administration will continue to implement strategies to improve efficiency and effectiveness. In 2015-16, the Department established a Law and Justice – Finance and Administration Division to provide for centralized analysis and oversight of the County’s Law and Justice Departments’ budget. This was done through a re-organization of existing budgeted positions and the addition of one Discretionary General Funded Finance Analyst. The addition of this division will enable the Department to provide oversight of Law and Justice funding and enable it to research and analyze broader implications of State and Federal Law changes on the County’s Law and Justice Departments. The Department will also continue to present accurate and timely budget and financial information to the County Administrative Office and the Board of Supervisors.
- The Information Services Department Telecommunication Services division is in the process of upgrading the County’s Regional Public Safety Radio System. The project is currently on schedule, with an estimated completion date of 2020-21. The estimated cost of the project is \$158.2 million. Ongoing discretionary general funding in the amount \$84.0 million has been allocated to the project to date and an additional \$26.4 million is recommended for funding in 2015-16. County Fire will be contributing \$8.5 million of this amount. Approximately \$53.7 million has been expended to date. The County has received and deployed radio equipment from Motorola at various sites. The primary focus of this project for 2015-16 will be to receive and install microwave equipment to complete the upgrade of the microwave system.
- In 2015-16, Public Health will continue its efforts to achieve and maintain National Accreditation, through the Public Health Accreditation Board. The Department will continue to focus on quality and performance improvement, transparency and accountability to all stakeholders, and to maintain the capacity to deliver the core Public Health functions. The completion of Public Health’s five-year strategic plan (currently in year two) will achieve a major milestone in the accreditation process by providing overarching priorities for departmental alignment, establishing core values to provide a blueprint for working collaboratively with the public, and identifying opportunities for alignment with the Countywide Vision, Community Vital Signs Initiative, and the Community Transformation Plan to improve the overall wellness and quality of life in the County.
- The County Library continues its plans to enhance service by replacing outdated computer hardware and software over the next several years. Funding has been recommended in the 2015-16 budget for the Library’s material budget and adding high demand items to the collection, including an expanded digital book collection.
- Land Use Services is beginning pre-implementation work to upgrade its outdated permitting system to a new enterprise solution, Accela Automation. The new solution will include a shared database, linking together other County departments, precise digital maps and satellite images of land data that are linked to the County’s GIS database, and the Accela Mobile Office platform which provides field staff remote real-time access to the database. This solution will streamline the permitting process, offering the public access to a web portal, Accela Citizen Access, to manage and monitor applications and permits online.

Operate in a Fiscally Responsible and Business-like Manner

- The Regional Parks Department continues to reduce its reliance on County General Fund support. The \$1.4 million decrease in Discretionary General Funding for 2015-16 is due to cost savings resulting from the following:
 - A renegotiated contract with the Inland Empire Utilities Agency for water and sewer service at Prado Regional Park.



- A partnership agreement with the operators of Lake Gregory Regional Park.
- A decrease in the number of days per week (from 7 to 5) open to the public at Mojave Narrows Regional Park.

Ensure Development of a Well-Planned, Balanced, and Sustainable County

- The County Administrative Office and Land Use Services Department have initiated a complete overhaul of the County's General Plan, referred to as the Countywide Plan. This Countywide Plan will be a comprehensive web-based system to document land use planning and organizational governance policies. The Countywide Plan will be comprised of three basic components: The Policy Plan (comprehensive general plan); the County Business Plan (system that defines and guides how the County government operates and manages itself); and the Regional Issues Forum (web-based resource center where information regarding shared Countywide issues exists).
- A team of County Departments will continue to monitor the drought and develop ways to reduce water usage at County facilities to show good stewardship of this valuable resource. The Special Districts Department, in collaboration with other County Departments, will continue to monitor drought requirements and implement water conservation programs/strategies at various County Service Areas and Districts throughout the County.
- The Board, through Special Districts Department Water Division will continue its commitment to investment in water and sanitation infrastructure through a capital improvement budget totaling \$19.8 million. Programmed projects include installation of radio read meters in several of the districts, construction of a new water well in CSA 64 Spring Valley, design and construction of a pipeline, a 75,000 gallon water reservoir and a pump station in CSA 70 W-4.
- The Special Districts Department recommended 2015-16 budget includes \$34.7 million of capital improvement projects. Capital improvement projects programmed in the department's construction funds include the design and construction for the relocation of the Big Bear Alpine Zoo, additional improvements at Kessler Park in Bloomington Recreation and Park District, design and construction of Snow Drop Road and other road paving projects.
- Community Development & Housing is completing Phase 1 of the Bloomington Community and Neighborhood Revitalization along Valley Boulevard. A total of 106 mixed generational units, and the Bloomington Branch Library, is currently under construction and will be completed in 2016. The Department is securing the remaining necessary financial resources in the form of redevelopment bonds and private funding sources for Phase 2. If successful, construction will commence in 2016 on Phase 2, consisting of an additional 84 units of multi-family affordable housing for a project total of 190 units.

Provide for the Safety, Health and Social Service Needs of County Residents

- During 2014-15, the Sheriff's Department expanded unincorporated patrol operations by proceeding with the hiring of 10 budgeted Deputy Sheriff positions. These positions historically have been kept vacant to fund annual employee separation costs. The Discretionary General Funding portion of these costs are now paid for as part of the County's Earned Leave program.
- The County jail system was originally structured to provide short-term housing for pre-sentenced and sentenced inmates. The 2011 Public Safety Realignment of State inmates with longer term sentences

to County jail has required the Sheriff's Department to provide detention related services that were previously not necessary. To address this issue, \$8.3 million in additional Public Safety Realignment (AB 109) funding was included in the department's recommended budget to augment both medical and behavioral health services at the jails; to provide additional span of control at West Valley Detention Center; and to provide for infrastructure maintenance at the expanded High Desert Detention Center.

- An additional \$9.1 million of SB 678 funding has been allocated by the State to the Probation Department for the purposes of reducing criminal recidivism. Probation will use \$5.2 million (primarily for 43 new positions) to expand evidence-based services/programs with the objective of further reducing the number of County commitments to State prison. The remaining \$3.9 million is being set-aside in Probation's special revenue fund reserves for potential decreases in future state funding allocations. Staffing levels will be monitored, and should funding reductions occur, there will be sufficient reserves available to continue to provide program services at the same level until a transitional plan is developed and implemented.
- The Public Defender will establish a new program that will integrate with other County programs to assign Social Service Practitioners to attend school board attendance hearings with the goal of reducing juvenile truancy and preventing minors from entering the criminal justice system as adults.
- Land Use Services Code Enforcement is piloting strategic initiatives to stop Illegal Dumping, a fast growing problem with potentially significant environmental consequences. Increased enforcement activity will result in a greater number of citations issued to those who are caught dumping illegally, resulting in the public's increased awareness of the penalties for this activity. The division will also increase community outreach efforts, public education, and utilize other creative means to identify and stop the sources of illegal dumping.
- Preschool Services Department is anticipating an increase in Federal funding sources that will be used to provide services under the Early Head Start Child Care Partnership grant. In addition, the department's staffing levels will increase by nine new contract positions primarily to staff additional classrooms at the Fontana Citrus Head Start school site and to ensure the Federally-mandated student/teacher ratio is maintained. The department will have a decrease of \$1.9 million due in part to the reduction of one-time funding for the purchase of a warehouse.
- Through various partnerships, the Inland Counties Emergency Medical Agency is making significant progress toward the integration of Emergency Medical Services into a Health Information Exchange and, for the first time in 2014-15 data was submitted to the National database. The data is being utilized at the local, State, and Federal levels to help determine best practices, resulting in improved patient care and outcomes.
- The Department of Aging and Adult Services (DAAS) received approximately \$335,000 in one-time Federal funds to supplement Elderly Nutrition, Supportive Services, and Family Caregiver programs in 2014-15. Services to seniors are expected to return to previously-budgeted levels in 2015-16. The recommended DAAS budget includes increasing staff by one contract Ombudsman Field Coordinator to oversee and monitor seniors at nursing homes to ensure proper care is being provided.
- The recommended Department of Behavioral Health budget includes \$2.9 million of Mental Health Service Act Capital funds and \$7.0 million of California Health Facilities Financing Authority grant funding to purchase land and build crisis residential treatment facilities in the central valley and high desert regions. By collaborating with local law enforcement, hospitals and community based providers,



the care facilities will be used to provide crisis residential services to individuals throughout the county experiencing a mental health crisis in the least restrictive manner possible.

- The Arrowhead Regional Medical Center (ARMC) recommended budget includes the addition of 10 Registered Nurse Case Manager positions to continue strengthening Ambulatory Services and align the three Family Health Care Clinics' operations to have a greater emphasis on population health management which provides specialized levels of care that focus on the most acutely ill ambulatory patients.
- The Transitional Assistance Department will begin the first of a four year reduction to the State's CalFresh Match Waiver in 2015-16 pursuant to the phase-out agreement adopted in the current year budget. This waiver allowed the County to draw additional Federal and half of the State funding without increasing the County's Maintenance of Effort. The recommended budget includes \$1.28 million of the \$5 million set aside the Board approved in the current year budget for this phase-out period.
- The County Museum's 2015-16 recommended budget of \$3.3 million demonstrates the County's commitment to support the Museum through a time of transition. Net County Cost of \$2.9 million includes \$588,097 of one-time bridge funding to support current operations and \$95,000 of ongoing funding for the addition of one Biology Curator position to oversee and preserve the Museum's Biology collections. The County Museum continues to implement the consultant study recommendations as approved by the Board of Supervisors to address organizational and financial challenges.
- The Public Guardian is responsible to act as conservator for individuals found by the court to be gravely disabled or who lack the capacity to manage personal affairs. In 2015-16, the department added two Deputy Public Guardians to accommodate new functions and maintain ongoing caseload. The net increase in estate fees allowed the Public Guardian to finance the positions and overcome the reduction to AB 109 and Medi-Cal Administrative Activities (MAA) funding.
- On November 4, 2014 California voters approved Proposition 47, which reclassified certain nonviolent drug and property crimes from felonies to misdemeanors. As the law applies to both existing and future criminal offenders, County Law and Justice Departments and the Court immediately started the process of resentencing affected offenders in the criminal justice system. Notable departmental impacts associated with this change are as follows:
 - A total of \$1.3 million in additional one-time Discretionary General Funding was allocated in the 2015-16 Recommended Budget to the District Attorney, Public Defender, and County Indigent Defense budgets to assist with the large caseload associated with the process of resentencing offenders.
 - The Sheriff's Department has shifted some resources from street-level narcotics and focused efforts on proactive, targeted gang enforcement and violent crime suppression operations as a result of Proposition 47's lowering of the criminal penalty for certain drug offenses.

Pursue County Goals and Objectives by Working with Other Government Agencies

- The current Medicaid Waiver will end October 31, 2015. ARMC will work collaboratively with the California Association of Public Hospitals, the State, and the Federal Centers for Medicare & Medicaid Services (CMS) in the development of the next Medicaid Waiver in order to maximize future revenues. There will be stringent clinical performance measures linked to the funding within the next Waiver,

which will begin November 1, 2015 if the State Department of Health Care Services' proposal is approved by the CMS. The 2015-16 recommended budget includes \$51.0 million in funding related to the continuance of the Medicaid Waiver.

CHALLENGES IN FISCAL YEAR 2015-16 AND BEYOND

Costs continue to rise more rapidly than revenue, creating a challenge to provide adequate levels of service. In addition, the fiscal uncertainty inherent in the State budget process continues to present a major challenge to the County's fiscal planning efforts.

State Budget

On May 14, 2015, Governor Brown released his revised \$169 billion spending plan to the 2015-16 Proposed State Budget, which includes \$2.1 billion in total reserves and projects a \$3.5 billion Rainy Day Fund balance. The May Revision reflects a \$6.7 billion increase in General Fund revenues compared to the January budget. The May revision proposes to advance a multiyear plan that is balanced, pays down budgetary debt from past years and saves for a rainy day. Notable County impacts from the Governor's proposed budget are as follows:

- The County anticipates receiving \$34.9 million associated with mandated health and human services program restorations, operations and administration. Under the Affordable Care Act, the State is redirecting 1991 Health Realignment funding for indigent care as healthcare coverage increases, which will result in a \$3 million loss to the County under this redirection. The County also anticipates an increase of \$1.6 million in Health and Human Services costs.
- The May Revision also includes a projected increase of \$135.4 million in Public Safety Realignment Base funding from 2014-15 to 2015-16 for all counties. For the County, this would result in an increase of \$12.7 million in Public Safety Realignment Base Funds available. Additionally, the State is projecting \$135.4 million in additional Public Safety Realignment Growth funding to be available to counties, which would result in an estimated \$9.5 million in one-time funds available to the County in 2015-16. If State sales tax projections (which are the basis for this funding) are accurate, this would result in a total of \$22.2 million (\$9.5 million one-time, \$12.7 million ongoing) in additional Public Safety Realignment funding. Due to the volatile nature of sales tax, the County has taken a conservative approach in adding programs with these additional projected funds in 2015-16 by increasing ongoing base funding by \$10.7 million and not yet allocating any projected one-time funds (which may be used to establish reserves).
- The Governor's budget proposal included a 23.3% reduction in transportation funding from \$1.89 billion to \$1.45 billion, which equates to a \$6.0 million revenue reduction to the County. Additionally, the State Board of Equalization changed the excise tax estimate, which will result in a further reduction of \$4.0 million. This results in a \$10.0 million reduction in 2015-16.

Sales Tax Volatility

Historically counties have been funded by relatively stable property taxes. The realignment of many state services has made counties increasingly dependent on sales tax revenue. As a result, the portion of requirements funded primarily with sales tax now represents 16.6% of the County budget and includes 1991 and 2011 Realignment revenues (\$670.9 million), County sales tax (\$21.6 million) and Proposition 132 Half Cent Sales taxes (\$164.8 million). While sales taxes are projected to experience a modest increase in 2015-



16, they tend to be much more volatile and quicker to react to changes in the economy, resulting in a higher risk of funding losses in future years.

Retirement Costs

Retirement costs in 2015-16 are increasing primarily as a result of a change in actuarial assumptions, that reduced the expected rate of return from 7.75% to 7.5% and adjusted mortality tables to reflect longer lifespans. In addition, the County continues to see elevated retirement costs as a result of the continuing amortization of investment losses in 2008-09. The County can expect to see increasing retirement cost volatility as the amount of assets held by the pension plan grow faster than the County budget. The County Administrative Office and the Retirement Association have an active dialog about monitoring, measuring, and mitigating the growing volatility risk. The County has been able to achieve some cost savings through the labor negotiation process as well as through the continued implementation of statewide pension reform.

CONCLUSION

The County fiscal plan developed by the County Administrative Office outlines anticipated cost and revenue increases for the next five years so that both the Board and staff can continue to focus on rebuilding the County. The 2015-16 Recommended Budget focuses on major policy issues and key projects that require additional funding. The County is committed to making the most of its funding to provide necessary public services in an effective and efficient manner and fulfilling its role in the achievement of the Countywide Vision.



GREGORY C. DEVEREAUX
Chief Executive Officer

CONTENTS OF 2015-16 RECOMMENDED BUDGET

There are two workbooks for the 2015-16 Recommended Budget, both are user friendly for the public, Board of Supervisors, and departments. The first workbook is the 2015-16 Executive Summary and the second workbook is 2015-16 Recommended Budget. Both workbooks have tabbed sections that are described below:

The first workbook, 2015-16 Executive Summary, is a summary of the 2015-16 Recommended Budget, which begins with a memo from the Chief Executive Officer (CEO), and includes the following sections:

- **County Fiscal Plan**, which summarizes the CEO's plan to address the five-year forecast and includes changes in ongoing County discretionary revenue and the ongoing cost to maintain services.
- **Identified Needs**, which summarizes the recommended ongoing and one-time costs for 2015-16 and identifies future needs that are currently set-aside in reserves that the County will have to address.
- **County Budget Summary**, which shows total requirements and total sources included in the 2015-16 Recommended Budget with comparative numbers from the 2014-15 modified budget. Also included is total budgeted staffing recommended for 2015-16 with comparative numbers from the 2014-15 modified budget.
- **Discretionary General Funding and Restricted Funds**, which summarizes how the general fund is funded in 2015-16 as well as the balances of unallocated discretionary sources (contingencies) and reserves.

The second workbook, 2015-16 Recommended Budget, begins with the **Table of Contents** and a **County Budget Overview**, which provides information about the County and the budget process and explains to the reader how the workbook functions. There is a tab for each budget group and behind each tab are all the budget unit details within that budget group.

For each department the following is included:

- **Department's Mission Statement.**
- **Department's Organizational Chart**, which includes the names of key personnel of the department, what functions the department performs and budgeted staffing counts by function included in their 2015-16 Recommended Budget.
- **Summary of Budget Units**, which summarizes the 2015-16 Recommended Budget by requirements, sources, net county cost, fund balance, net budget and staffing for all budget units under the direction of a specific department and/or group. This section also includes a five-year trend for each budget unit listed.
- **Department's 2014-15 Major Accomplishments.**
- **Department's Performance Measures to meet the 2015-16 County Goals and Objectives.**



For each departmental budget unit the following details are included:

- **Description of Major Services**, provides information regarding the main functions of each budget unit.
- **Budget at a Glance**, lists the budget unit's 2015-16 requirements less reimbursements, sources/reimbursements, net county cost, use of/(contribution to) fund balance/net position, budgeted staffing, and percentage of net county cost, if applicable.
- **Requirements Less Reimbursements and Sources\Reimbursements pie charts**, illustrate what percentage of 2015-16 budgeted expenditure authority is spent on staffing expenses, operating expenses, etc., as well as, the percentage of the 2015-16 budgeted sources that come from net county cost, reimbursements, taxes, fee/rate supported revenues, etc.
- **Analysis of 2015-16 Recommended Budget**, includes line item budget amounts by requirements such as staffing expenses, operating expenses, etc., line items by revenue sources, and budgeted staffing for the most recent and upcoming fiscal year, as well as actual results for the past three fiscal years, and current year estimates.
- **Major Expenditures and Revenue in 2015-16 Recommended Budget**, provides explanations of major departmental expenditures and sources included in the 2015-16 Recommended Budget.
- **Budget Changes and Operational Impact**, briefly describes any major budget unit program impacts, and highlights the 2015-16 budget including significant changes in requirements and sources from the prior year modified budget.
- **Analysis of Fund Balance/Net Position**, where applicable, describes the budgeted use of or (contribution to) fund balance/net position, provides detail on one-time and ongoing uses, and if it is being used for ongoing purposes, explains what the plan is to reduce reliance on fund balance/net position.
- **2015-16 Position Summary** identifies, by departmental function, the 2014-15 modified budgeted staffing, recommended additions, deletions, and re-orgs in order to develop the 2015-16 Recommended Budgeted Staffing. In addition, the chart separates positions by type (regular and limited term).
- **Staffing Changes and Operational Impact**, briefly highlights budgeted staffing changes and operational impacts for 2015-16, including significant changes from prior year modified budgeted staffing.



Long Term Financial Planning

Long-term financial planning is an effective tool for creating sustainable budgets and providing fiscal stability beyond the annual budget horizon. Long-term financial planning is a strategic process that provides governments with the insights and information needed to establish multi-year budget solutions and financial policies and actions that maintain good fiscal health. The County creates a five-year financial forecast for the purpose of providing the Board of Supervisors with a framework for use in decision-making in order to maintain and continue the fiscal health of the County, and plan for the provision of services, capital assets, and infrastructure. It also helps the County to understand the fiscal challenges ahead and the need to establish priorities.

The forecast is updated annually and is not a budget. It does not establish policy or priorities; it simply summarizes fiscal capacity. The forecast identifies key factors that affect the County's fiscal outlook and assesses how difficult balancing the budget may be in the future.

The forecast is developed using a baseline environment, in which revenues and expenditures are projected based primarily on trend analysis, specific circumstances and present level of services provided by the County. The forecast is not a prediction of what is certain to happen but rather a projection of what will occur in the absence of any mitigating actions or changing circumstances. As such, this forecast highlights significant issues or problems that must be addressed in order to maintain a structurally balanced budget.

Significant Issues Impacting the General Fund

Mandated program shifts from the State, funded primarily with sales tax revenue, increase the County's exposure to sales tax fluctuations. Sales tax revenue tends to be more volatile and quicker to react to changes in the economy than property tax revenue.

Retirement costs are projected to continue to increase in 2015-16 due to the impact of a 0.25% decrease in the Retirement Board's earnings assumption, and a change in the mortality tables. Projected increases also include the multi-year impact of a year to date shortfall in earnings.

Staffing for the High Desert Detention Center will require an additional \$27.6 million in funding through 2018-19.

The Affordable Care Act will impact Human Services departments and the Arrowhead Regional Medical Center as they are primary providers of Medi-Cal services. The longer term impacts of the Affordable Care Act remain difficult to forecast.



TABLE 1
FIVE-YEAR FINANCIAL FORECAST
DISCRETIONARY GENERAL FUNDING
FISCAL YEARS 2015-16 THROUGH 2019-20
(dollars in millions)

	<u>2015-16</u>	<u>Total Change</u> <u>2015-16 through 2019-20</u>
<u>Ongoing Revenue Changes:</u>		
Property Tax	\$40.4	\$91.4
Proposition 172 Sales Tax	8.8	23.0
AB109 Realignment Revenue	9.1	9.1
Other Revenue	(1.9)	3.3
Total Ongoing Revenue Change	<u>\$56.4</u>	<u>\$126.8</u>
<u>Ongoing Cost Changes:</u>		
Retirement	(11.9)	(29.4)
Other MOU Costs	(6.0)	(6.2)
County Fire Subsidy Costs	(2.1)	(2.1)
Other Costs	(4.4)	(6.7)
Transportation Operations/Pavement Management Program (PCI)	(8.8)	(14.2)
Recommended Department Policy Items	(12.4)	(12.4)
Total Change in Costs	<u>(45.6)</u>	<u>(71.0)</u>
Yearly Operating Available	<u>\$10.8</u>	<u>\$55.8</u>
<u>Ongoing Costs Not Funded in the Ongoing Budget Plan</u>		
High Desert Detention Center Staffing	0.0	(27.6)
Glen Helen SB1022 Housing Program	0.0	(1.2)
Subtotal Ongoing (Deficit)/Surplus including Ongoing Costs Not Funded	<u>10.8</u>	<u>27.0</u>
Hypothetical Memoranda Of Understanding (MOU) Costs	<u>0.0</u>	<u>(44.7) to (67.8)</u>
Annual Ongoing (Deficit)/Surplus including Ongoing Costs Not Funded	<u>\$10.8</u>	<u>\$(17.7) to (40.8)</u>

Note: The Five-Year Financial Forecast represents future incremental costs and changes in revenues for the referenced fiscal year.

Table 1 displays the County's 2015-16 detailed financial forecast and summarizes the County's five-year financial forecast. The forecast reflects ongoing expenditures funded with ongoing discretionary revenue in the County's General Fund. The forecast shows that ongoing revenues are increasing due to projected increases in property tax and Proposition 172 sales tax revenue. Ongoing Cost Changes reflect the cost to maintain current service levels and the cost of Department Policy Items. After accounting for these changes, the Yearly Operating Available is positive for the next five fiscal years, but appears to only support minimal increases in services or labor costs.

In recent years the County has identified other ongoing costs not previously included in the five year forecast that need to be addressed. These costs are identified in Table 1 as Ongoing Costs Not Funded in the Ongoing Budget Plan. After including these cost components, the County's General Fund has a cumulative structural surplus of \$27.0 million over the next five fiscal years.

However, this forecast also illustrates the need for continued caution in allocating this surplus in light of upcoming and current negotiations with employee groups. The surplus could quickly revert to a deficit when potential



Memoranda of Understanding (MOU) costs are included. Costs associated with future negotiations have been estimated and identified above as Hypothetical MOU Costs.

2015-16 Recommended Budget

The 2015-16 Recommended Budget is structurally balanced, with \$10.8 million of ongoing funding unallocated and available to fund future ongoing costs.

2015-16 Ongoing Revenue Changes

As reflected in the Five Year Financial forecast, the County anticipates increased revenues of \$56.4 million in 2015-16.

Property Tax Revenue, including pass-throughs from redevelopment agencies, is projected to increase due to higher than anticipated revenue in 2014-15 and 3% growth in assessed valuation (AV) in 2015-16.

Proposition 172 Sales Tax revenue is projected to increase 5.6% over the 2014-15 budgeted amount based on projections from a local economist and current year trends. This revenue is derived from a half-cent sales tax that provides funding for public safety services.

AB 109 Realignment Revenue reflects unanticipated AB 109 revenue for 2015-16, based on revised estimates from the State. AB 109 Realignment Revenue is funded with State sales tax revenue that is transferred to counties to support programs shifted in Public Safety Realignment.

2015-16 Ongoing Cost Changes

As reflected in the Five Year Financial Forecast, the County anticipates an increase in Ongoing Costs of \$45.6 million in 2015-16. Ongoing Cost Changes reflect the cost to maintain current service levels.

Retirement costs are projected to increase by \$11.9 million primarily due to a decrease in the Retirement Board's assumed earnings rate from 7.75% to 7.50% and a change in the mortality tables.

Other MOU Costs increase reflects the 2015-16 cost of approved compensation changes pursuant to negotiated MOUs with employee groups.

County Fire Subsidy Costs increase includes the cost of a contract with the Kern County Fire Department for fire protection services in northwest San Bernardino County, annual fixed asset replacement costs, the conversion of 12 limited-term positions (6 Engineers and 6 Firefighters) to regular positions, and non-grant funded costs such as supervision of the volunteer program and the webEOC in the Office of Emergency Services.

Other Costs increases are primarily a result of increases in risk management premiums for Auto Liability, General Liability, and Law Enforcement Liability. These increased costs are partially offset by ongoing cost savings as a result of the final maturity of the Justice Center/Airport Debt.

Transportation Operations/Pavement Management Program (PCI) represents an ongoing contribution to sustain County maintained roads in good to very good condition. In previous years, this cost was included in the Ongoing Costs Not Funded in the Ongoing Budget Plan section of the Five Year Financial Forecast. 2015-16 is the first year where sufficient ongoing resources exist to begin to fund this program on an ongoing basis.

Recommended Department Policy Items of \$12.4 million are detailed in the Identified Needs Section of this Recommended Budget Book.





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The County Fiscal Plan (five-year financial forecast) primarily focuses on increases in costs to maintain current services and the amount of discretionary revenue available to fund these costs and/or what mitigations are needed. Under the direction of the Chief Executive Officer, Finance and Administration also identifies needs within the County that are not currently funded and require funding with ongoing or one-time sources.

ONGOING NEEDS

The 2015-16 Recommended Budget funds \$45.6 million in increased ongoing costs that were included in the County Fiscal Plan presented to the Board on May 12, 2015 (\$33.2 million to maintain current services, which is discussed in the County Fiscal Plan section of this Recommended Budget, and \$12.4 million in increased needs as detailed below).

Ongoing Costs Identified to be Funded (in millions)

	<u>Ongoing</u>
Department Services Restoration	
Auditor-Controller/Treasurer/Tax Collector	\$0.4
Clerk of the Board	0.1
Community Services	0.3
Finance and Administration	0.2
Human Resources	0.2
Information Services	0.2
Purchasing	0.1
Surveyor	0.1
Sheriff/Coroner/Public Administrator - Operations	
Contract Pathologists	0.5
Vehicle Replacement Budget	1.6
HDDC Facilities Maintenance	1.6
Additional Sergeants	1.1
Sheriff/Coroner/Public Administrator - Jail Medical/Mental Health	
Mental Health Services	3.0
Medical Software for Electronic Healthcare Records	0.7
Health Screening and Intake	1.5
Physician Service Agreement Increase	0.4
Board of Supervisors Community Outreach	0.3
Regional Parks - Mojave Narrows	(0.4)
Land Use Services Code Enforcement - Illegal Dumping Enforcement	0.4
Museum - Biology Curator	0.1
Additional Ongoing Costs in 2015-16 Recommended Budget	<u>\$12.4</u>

\$1.6 million for Department Services Restoration

During the recent recession, departments were required to reduce their budgets, which impacted service levels. Funding has been included in the 2015-16 Recommended Budget to restore a portion of these prior year reductions. These restorations include:



- \$0.4 million to the Auditor-Controller/Treasurer/Tax Collector to restore staffing to various divisions. This includes funding for mandated audits in the internal audits section. Funding also includes the addition of a position to calculate indirect cost rates for departments that charge fees.
- \$0.1 million to the Clerk of the Board for clerical support for the assessment appeals process and for Board meeting videoconferencing maintenance costs.
- \$0.3 million to Community Services for a Deputy Executive Officer to manage Community Services Departments.
- \$0.2 million to Finance and Administration for the addition of a Law and Justice analyst to provide for centralized Law and Justice (L&J) oversight. This will allow for greater analysis and review of countywide L&J operations and finances and Federal and State impacts to L&J Departments.
- \$0.2 million to Human Resources for the addition of a Deputy Director for labor negotiations, an additional Human Resources Analyst for recruitment, and funding for the EOC Diversity Forum.
- \$0.2 million to Information Services to support General Fund audio/visual activities in the Board Chambers and for public service announcements.
- \$0.1 million to Purchasing for the addition of a Supervising Buyer and full funding for a Staff Analyst II position as the result of a study conducted by Human Resources.
- \$0.1 million to the Surveyor to fund mandated Corner Records functions

\$4.8 million for Sheriff /Coroner/Public Administrator– Increased Operational Costs

- \$0.5 million for Contract Pathologists to fund two additional positions needed to comply with mandated autopsies in the time allotted by law and changes in compensation to improve retention and recruitment.
- \$1.6 million for restoration of the vehicle replacement budget.
- \$1.6 million for maintenance at the High Desert Detention Center. This maintenance will be provided by Facilities Management and includes maintenance for HVAC, elevators, boilers, and fire life safety systems.
- \$1.1 million for the addition of five detention sergeants to provide for increased supervision at the West Valley Detention Center

\$5.6 million for Sheriff/Coroner/Public Administrator- Jail Medical/Mental Health

- \$3.0 million to augment Behavioral Health staff with contract staff to provide higher levels of mental health services to inmates.
- \$0.7 million for medical software to provide electronic healthcare records to track prescriptions and medical procedures provided to inmates.
- \$1.5 million for the addition of 10 Correctional Nurse II's to evaluate inmate health status upon booking/intake screening.
- \$0.4 million to increase physician agreement to allow for increased physician hours to provide higher levels of care.



\$0.4 million for Other Department Policy Items

- \$0.3 million to the Board of Supervisors for Community Outreach.
- \$0.4 million reduction in Regional Parks for reduced costs at Mojave Narrows due to modified operating hours.
- \$0.4 million to Land Use Services Code Enforcement for Illegal Dumping Enforcement
- \$0.1 million to the Museum for the addition of a Biology Curator consistent with the recommendations of the Museum consultant study.

ONE-TIME NEEDS

The 2015-16 Recommended Budget funds \$70.6 million in increased one-time costs. One-time costs include \$7.4 million per Board policy or direction and \$63.2 million in increased needs. The \$7.4 million in one-time costs per Board policy or direction includes funding the Economic Development Agency with one-time Discretionary General Funding derived from revenue earned by the Department, funding the Registrar of Voters 2015-16 Election Cycle, and funding the required increase in the County's Mandatory Contingencies. Further detail is provided on the following pages of the \$63.2 million in one-time needs included in the 2015-16 Recommended Budget.



**One-time Costs Identified to be Funded in 2015-16
(in millions)**

	One-Time
Give BIG	\$0.1
Human Services Cal Fresh MOE Waiver Discontinuance	1.3
Law and Justice Proposition 47 Caseload	1.3
District Attorney - Temporary Lease Space	0.3
Sheriff - Recruitment Program	0.5
Sheriff - Detention Sergeants Equipment and Supplies	0.2
County Museum Operations Deficit	0.6
Land Use Services - Accela Permit System Upgrade	0.2
Land Use Services Planning - Countywide Plan	0.3
Land Use Services Planning - Environmental Element	0.2
Land Use Services Planning - Forest Management Plans	0.1
Surveyor - Completion of Old Surveys	0.1
Regional Parks - Lake Gregory Management Fee	0.1
CDH - Countywide Oversight of City RDA Dissolution	0.1
Flood Control - Rimforest Drainage	0.9
Transportation - Road Projects and Loan Repayment	6.4
Capital Improvement Projects	
Jail Beds at Arrowhead Regional Medical Center	22.3
County Buildings Acquisition and Retrofit Project	11.2
800 MHz Upgrade Project	8.5
Sheriff Training Center Lead Mitigation Phase II	2.5
High Desert Detention Center Housing Unit 2 HVAC	1.7
High Desert Detention Center Generator	1.0
Demolition of Old Central Juvenile Hall	1.5
Yucca Valley - Station 41 Room Addition	0.6
Glen Helen Rehabilitation Center Shower Remodel - Phase II	0.4
401 Arrowhead Building HVAC	0.4
Update Valley Public Safety Operations Center (PSOC) Needs Assessment	0.2
Civil Liabilities Remodel - Sheriff	0.2
One-time Costs in 2015-16 Recommended Budget	\$63.2

\$0.1 million one-time for CAO - Give BIG

Give BIG San Bernardino County is a 24-hour online giving day. It is a web based “web-a-thon” that provides a cohesive and collective opportunity for nonprofits to raise funds to address the needs in the local community. Funding for the 2015-16 Give Big Event is recommended to be allocated to the CAO budget.

\$1.3 million one-time for Human Services - Cal Fresh Maintenance of Effort (MOE) Waiver Discontinuance

Beginning in 2010-11, the CalFresh MOE Waiver allowed counties to draw down additional federal and half of the state funding for Cal Fresh without increasing the county's MOE. The 2015-16 Governor's proposed budget assumes the first 25% reduction to the CalFresh Waiver in 2015-16 pursuant to the phase out agreement adopted in the 2014-15 State budget. The Board established a General Fund reserve for the CalFresh Waiver Discontinuance in 2013-14. One-time funding of \$1.3 million, funded by the use of the General Fund Reserve, is recommended for the Human Services Department.



\$1.3 million one-time for Law and Justice - Proposition 47 Caseload

The State's Proposition 47, the Reduced Penalties for Some Crimes Initiative, was approved on the November 4, 2014 ballot. The initiative reduces the classification of most "non-serious and non-violent property and drug crimes" from a felony to a misdemeanor. Passage of Proposition 47 has resulted in a significant workload increase for the departments of the District Attorney, Public Defender and Indigent Defense. \$1.3 million of one-time funding is recommended for increased costs associated with the Proposition 47 caseload.

\$0.3 million one-time for District Attorney – Temporary Lease Space

Additional one-time funding (second year) for the temporary leasing of office space by the District Attorney's Office in close proximity to the Foothill Law and Justice Center that is the direct result of the courts relocating criminal felony and misdemeanor cases from Fontana to Rancho Cucamonga. The lease allows for sufficient time to complete improvements to the Foothill Law and Justice Center that will eventually accommodate District Attorney staff.

\$0.5 million one-time for Sheriff - Recruitment Program

Funding for recruitment, advertisement and processing of prospective applicants.

\$0.2 million one-time for Sheriff - Detention Sergeants

One-Time equipping costs related to the addition of five detention sergeants at the West Valley Detention Center.

\$0.6 million one-time for the County Museum - Operations Deficit

With the loss of contract revenue and previous one-time bridge funding, the Museum will face an operating deficit in 2015-16. It is recommended that \$0.6 million of one-time funding backfill these revenue losses as other replacement revenue is sought.

\$0.2 million for Land Use Services - Accela Permit System Upgrade

Use of the Permit Systems Upgrade Reserve to fund 2015-16 project manager costs. Accela is an enterprise land management system that facilitates interdepartmental communication and cooperative processing in a shared data environment.

\$0.3 million for Land Use Services Planning – Countywide Plan

Use of the Land Use Services General Plan/Development Code Amendments Reserve to fund contract positions related to the Countywide Plan.

\$0.2 million for Land Use Services Planning – Environmental Element

Funding to develop a comprehensive approach to the preservation and conservation of habitat for threatened and endangered species in San Bernardino County.

\$0.1 million for Land Use Services Planning– Forest Management Plans

Funding for the County's share of the cost of the Cucamonga Canyon and Lytle Creek Forest Management plans to be developed by the U.S. Forest Service.

\$0.1 million for Surveyor – Completion of Old Surveys

In 2012-13, the Records Survey Fee was converted from a flat fee to actual cost. Prior to 2012-13, the flat fee was collected in advance. Consequently, work continues on many of these old surveys and the department of the Surveyor continues to incur costs without offsetting revenue. The recommended one-time allocation will fund the estimated hours that will be spent on these old surveys in 2015-16.

\$0.1 million for Regional Parks – Lake Gregory Management Fee

In December 2013, the Board approved a contract with a private company to manage the day to day operations of Lake Gregory Park. The recommended one-time funding of \$0.1 million will fund the final year of the Lake Gregory Management fee paid to the operator.



\$0.1 million for Community Development and Housing – Countywide Oversight of Redevelopment Agency Dissolution for Cities

Funding for staff time and other costs to provide this oversight function.

\$0.9 million for Flood Control – Rimforest Drainage

A one-time contribution of \$0.9 million funded from the Rimforest Drainage Reserve will pay costs associated with Flood Control's Rimforest Drainage project. This project involves construction of storm drain systems along Highway 18 and inside the village of Rimforest to mitigate the impact of drainage on the stability of the slope.

\$6.4 million for 2015-16 Transportation – Road Projects and Loan Repayment

A one-time contribution of \$0.4 million for the following two projects:

- Arrowhead Villa Roadway Slope Failure Repair project, for repair and stabilization of a roadway slope in the Lake Arrowhead area, and
- Stanfield Cutoff Roadway Repair and Bridge Replacement project. This project will replace a bridge and improve the structural integrity of the existing roadway to alleviate traffic congestion and improve recreational access to Big Bear Lake. This is the 2015-16 portion of the project cost. An additional \$0.4 million is recommended to be set-aside in reserves for future years costs related to this project (see Future Funding Needs below).

An additional \$6.0 million of one-time funding is recommended for the repayment of a loan made from the Transportation equipment fund to fund transportation operations in prior years.

\$50.5 million for Capital Improvement Projects

One-time funding is recommended for various Capital Improvement projects.

- \$22.3 million for construction of a separate jail ward for prisoners at the Arrowhead Regional Medical Center. The proposed funding source is the fund balance available in the Master Settlement Agreement fund.
- \$11.2 million for the County Buildings Acquisition and Retrofit Project, bringing the total amount funded to \$65.3 million. This project will modernize and seismically retrofit certain buildings in San Bernardino. The total estimated project cost is \$140.0 million.
- \$8.5 million for the 800 MHz Upgrade Project. This project will address the upgrade of the aging 800 Megahertz (MHz) digital radio system countywide. The \$8.5 million is funded with County Fire set-asides.
- \$2.5 million for the Sheriff's Training Center Lead Mitigation Phase II. This project will complete the mitigation of lead in ranges 3, 4, 5 and the rifle range at the Sheriff's Training Center at 18000 Institution Road in Devore.
- \$1.7 million for the High Desert Detention Center Housing Unit 2 HVAC. This project will replace swamp coolers with HVAC package units in Housing Unit 2.
- \$1.0 million for the HDDC Generator project to replace the generator at the newly expanded portion of the HDDC in Adelanto with a new, larger generator, and replace the older existing generator, currently serving the original portion of the facility, with the one moved from the expansion area.
- \$1.5 million for Demolition of Old Central Juvenile Hall. This project will demolish structures abandoned after the completion of the new Central Juvenile Detention and Assessment Center on Gilbert Street in San Bernardino. The buildings are located on nearly eight acres of land. The demolition will eliminate safety concerns and will provide available property for development.
- \$0.6 million for the Yucca Valley Fire Station 41 Room Addition. This project will expand Fire Station 41 in Yucca Valley by approximately 1,400 square feet. The scope of work includes a larger kitchen, dining space for firefighters, and a separate day room.



- \$0.4 million for the Glen Helen Rehabilitation Center (GHRC) Shower Remodel to remodel showers in the M1, M2 and B Block dorm units at the GHRC in Devore.
- \$0.4 million for the 401 Arrowhead Building HVAC project. This project in the amount of \$400,000 will replace the existing chiller and tower for the HVAC system at 401 N. Arrowhead Avenue in San Bernardino.
- \$0.2 million for the Valley Public Safety Operations Center (PSOC) Needs Assessment to fund a consultant agreement to reassess the requirements for a new Valley PSOC to replace the aging, inadequate facilities on Miro Way in Rialto. A needs assessment was done in 2008 and is outdated. A new assessment is required for a valley location to determine site selection, plans, communication requirements, and proposed cost based on the needs of the County today.
- \$0.2 million Civil Liabilities Remodel – The cost to remodel existing space into a conference room and provide additional cubicle space at the Sheriff's Headquarters located at 655 E. 3rd Street in San Bernardino.

FUTURE ONE-TIME NEEDS

In addition to one-time needs allocated for use in 2015-16, there are future one-time needs for which funding is recommended. This funding is recommended to be set aside in County General Fund Reserves. The detail of these needs is described below.

One-time Needs Set-Aside in General Fund Reserves (in millions)

	One-Time
Labor	\$2.5
Give BIG	0.2
Property Tax System	5.0
Litigation	4.4
General Purpose	6.3
Fire Facilities	14.3
Land Use Services General Plan/Development Code Amendments	1.5
Lake Gregory Dam	3.8
Transportation Projects	
National Trails Highway	5.0
Glen Helen Parkway Bridge Replacement	1.4
Cedar Avenue Interchange	8.2
Green Tree Blvd. Connection	0.9
Stanfield Cutoff Road Repair and Bridge Replacement	0.4
Capital Improvement Projects	6.7
One-time Reserve Contributions in 2015-16 Recommended Budget	\$60.6

\$2.5 million one-time increase in Labor Reserve

The County is currently in contract negotiations with various labor groups and it is anticipated that additional one-time funds may be required as a result of those negotiations.



\$0.2 million one-time for the 'Give Big' Campaign

\$200,000 is recommended to be set aside in Reserves to provide funding for the Give Big campaign in 2016-17 and 2017-18. Give BIG San Bernardino County is a 24-hour online giving day. It is a web based "web-a-thon" that provides a cohesive and collective opportunity for nonprofits to raise funds to address the needs in the local community.

\$5.0 million one-time increase in the Property Tax System Reserve

\$5.0 million in one-time funding to increase the Property Tax System Reserve from \$20.0 million to \$25.0 million. The replacement of the current system is currently estimated to cost \$40.0 million.

\$4.4 million one-time for Litigation

One-time funding is recommended to be set aside for legal costs and settlement agreements.

\$6.3 million one-time for the General Purpose Reserve

The County's Fund Balance and Reserve Policy provides for a General Purpose Reserve targeted at 20% of locally funded appropriation. This policy states that this reserve shall be built up with one-time sources until the established target is achieved. The recommended one-time contribution of \$6.3 million for 2015-16 brings the General Purpose Reserve to 14% of locally funded appropriation.

\$14.3 million one-time for Fire Facilities

One-time funding is recommended for the establishment of General Fund reserves for County Fire including \$13.5 million for a Consolidated Headquarters and \$0.8 million for a Fire Training Center. County Fire's HazMat Division is setting aside an additional \$1.7 million in County Fire set-asides for the Fire Training Center.

\$1.5 million one-time for Land Use Services General Plan/Development Code Amendments

An additional contribution to the Land Use Services General Plan/Development Code Amendments reserve is recommended to provide funding for the Countywide Plan and Community Plan updates. This funding will be used to backfill department staff who will be engaged in this project.

\$3.8 million one-time for Lake Gregory Dam

An additional contribution to the General Fund Reserve for the Lake Gregory Dam Project to fund additional costs of this project.

\$15.9 million one-time for the Transportation Projects

One-time funding is recommended to establish General Fund Reserves for the following Transportation Projects.

- \$5.0 million for an additional contribution to the National Trails Highway Reserve
- \$1.4 million for an additional contribution to the Glen Helen Parkway Bridge Replacement Reserve
- \$8.2 million for establishment of the Cedar Avenue Interchange Reserve. This project will widen Cedar Avenue at the Interstate 10 overcrossing and at the Union Pacific Railroad bridge, and modify Interstate 10 ramps at Cedar Avenue.
- \$0.9 million for establishment of the Green Tree Boulevard Connection Reserve. This project will construct a new road from Yates Road westward and ending at the intersection of Green Tree Boulevard and Hesperia Road
- \$0.4 million for establishment of the Stanfield Cutoff Road Repair and Bridge Replacement Reserve. This project will replace a bridge and improve the structural integrity of the existing roadway to alleviate traffic congestion and improve recreational access to Big Bear Lake.

\$6.7 million one-time for the Capital Improvement Projects Reserve

\$6.7 million in one-time funding is recommended for future costs of capital improvement projects.



SUMMARY

	Fiscal Year 2013-14 Actual Amount	Fiscal Year 2014-15 Adopted Budget	Fiscal Year 2014-15 Modified Budget	Fiscal Year 2015-16 Recommended Budget	Change From Prior Year Modified	Percent Change From Prior Year
Requirements						
Staffing Expenses	1,728,186,677	1,839,470,445	1,853,534,647	1,885,078,696	31,544,049	1.70%
Operating Expenses	2,166,843,110	2,350,550,339	2,447,487,158	2,539,682,175	92,195,017	3.77%
Capital Expenditures	104,585,701	324,348,910	381,038,744	350,796,756	(30,241,988)	-7.94%
Reimbursements	(269,272,714)	(310,159,873)	(317,933,705)	(334,836,292)	(16,902,587)	5.32%
Contingencies***	170,271,472	78,777,066	114,808,209	56,012,876	(58,795,333)	-51.21%
Subtotal Appropriation	3,900,614,246	4,282,986,887	4,478,935,053	4,496,734,211	17,799,158	0.40%
Operating Transfers Out	107,041,637	233,341,714	282,852,387	258,686,073	(24,166,314)	-8.54%
General Fund Contributions to Reserves	0	48,227,450	49,689,395	68,515,086	18,825,691	37.89%
Non-General Fund Contribution to Reserves***	0	326,654,563	317,267,241	327,836,127	10,568,886	3.33%
Total Requirements	4,007,655,883	4,891,210,614	5,128,744,076	5,151,771,497	23,027,421	0.45%
Sources						
Taxes	750,865,921	733,643,627	757,020,969	792,753,688	35,732,719	4.72%
1991 Realignment	199,674,448	209,149,972	262,131,970	272,517,138	10,385,168	3.96%
2011 Realignment	303,121,828	304,905,462	358,336,605	398,381,791	40,045,186	11.18%
State, Federal, or Government Aid	1,465,959,580	1,573,072,710	1,547,089,101	1,551,002,092	3,912,991	0.25%
Fee/Rate	952,964,908	893,328,166	897,014,016	923,551,865	26,537,849	2.96%
Other Revenue	139,686,784	122,895,072	160,104,933	126,283,321	(33,821,612)	-21.12%
Operating Transfers In	211,504,128	213,179,591	265,527,617	251,479,094	(14,048,523)	-5.29%
Fund Balance/Use of Unrestricted Net Assets*	(10,968,542)	725,083,452	724,997,277	725,274,303	277,026	0.04%
General Fund Unassigned Fund Balance*	(5,153,174)	110,316,025	110,316,025	107,606,061	(2,709,964)	-2.46%
Use of Reserves	0	5,636,537	46,205,563	2,922,144	(43,283,419)	-93.68%
Total Sources	4,007,655,883	4,891,210,614	5,128,744,076	5,151,771,497	23,027,421	0.45%
Budgeted Staffing**	21,082	21,186	21,466	21,755	289	1.35%

* For 2013-14, the two Fund Balance budget line items represent either the actual use of fund balance (if positive amounts) or the actual increase to fund balance (if negative amounts) throughout the fiscal year.

**2013-14 Budgeted Staffing reflects the Final Budget amounts, as actuals for staffing vary throughout the fiscal year.

***Beginning in 2015-16, Non-General Fund budget units will no longer budget contingencies, but rather contribute any excess available sources to a specific reserve account. Non-General Fund Contribution to Reserves in years 2013-14 through 2014-15 do not represent actual contributions to reserves. Prior years have been restated for comparison purposes.

Overview of 2015-16 Requirements and Sources

As the largest political subdivision of the State, counties are vested by the California State legislature with the powers necessary to provide for the health and welfare of the people within its borders. The \$5.2 billion 2015-16 Recommended Budget reflects the planned allocation of resources necessary to carry out this mission for the citizens of San Bernardino County. This budget has been developed in accordance with the Countywide Vision which promotes a sustainable system of high-quality education, community health, public safety, housing, retail, recreation, arts and culture, and infrastructure. The County's 21,755 budgeted positions are responsible for a wide variety of services to residents, from responding to calls for help in emergencies (Sheriff and Fire Department) to giving businesses the tools they need to succeed (Economic Development Agency) to providing a home for children in need (Human Services – Subsistence). The following budget is recommended in order to continue to provide the County's many important services in a fiscally responsible and sustainable manner.

Total Requirements of \$5.2 billion consist primarily of Staffing and Operating Expenses, which represent 80.6% (\$4.4 billion) of total requirements (excluding the effect of reimbursements). Staffing Expenses of \$1.9 billion consist of salaries of \$1.2 billion and benefit costs of \$689.2 million. Departments with significant budgeted staffing expenses include the Sheriff/Coroner/Public Administrator (\$433.8 million, 3,664 positions), Human Services Administrative Claim (\$338.5 million, 4,735 positions), and Arrowhead Regional Medical Center (\$253.7 million, 3,699 positions). The largest benefit related cost for the County is employee pensions (retirement), which



makes up 59% (\$403.2 million) of all costs associated with employee benefits. The increase in staffing costs of \$31.5 million is primarily due to increased costs of \$26.3 million for additional recommended staff for Human Services Departments (156 positions) and the Law and Justice Departments (85 positions). Retirement costs have also increased in 2015-16 (\$41.4 million) however this increase is largely offset by savings as the result of the elimination of a portion of the employer paid portion of retirement (\$28.1 million) for employees represented by the County's largest union.

Operating Expenses in the County include costs for services and supplies, internal service fund charges, travel, transfers to the other County departments, and other charges. These expenses represent the largest share of costs within the County at \$2.5 billion, which is primarily a result of the State giving the County the responsibility for administration of Human Services programs. Many of these programs provide subsistence payments to help residents in need throughout the County and as a result, the Human Services operational group makes up almost half (47%) of the County's operating expenses. In 2015-16 Operating Expenses are increasing by \$92.2 million which is primarily associated with increases in Human Services (\$67.5 million) and the Law and Justice Departments (\$23.8 million).

Total Requirements are increasing over the 2014-15 Modified Budget by \$23.0 million, or 0.45%. This slight increase is associated with increases in Staffing and Operating Expenses but is offset by a combination of increases in reimbursements and decreases in both Capital Expenditures and Operating Transfers Out.

In 2015-16 Total Requirements includes Contingencies and Contributions to Reserves (General Fund and Non General Fund). Like Contingencies, Contributions to Reserves represent sources that are not planned to be spent in the coming fiscal year. Contributions to Reserves for Non-General Fund budget units will start in 2015-16 and as a result, prior years have been restated for comparative purposes. Excluding Contingencies and Contributions to Reserves, the total budget available for expenditure in 2015-16 is \$4.7 billion.

Further detail on General Fund Contingencies and County Reserves can be found in the Discretionary General Funding and Restricted Funds section of the Executive Summary. In 2015-16 Non-General Fund departments will no longer budget contingencies, but rather allocate excess sources to specific reserves. Prior years have been restated for comparative purposes.

The three major funding sources of the County include revenue from other governmental entities (State, Federal or Government Aid), funding for direct services provided (Fee/Rate), and taxes. At \$1.6 billion, State, Federal or Government Aid represents 30.12% of the County budget. The Human Services operational group receives the largest amount of funds from other governments, with \$335.0 million received from the State and \$640.5 million received from the federal government. Fee/Rate revenue of \$923.6 million represents 17.9% of the County budget and includes funding from licenses, permits, fines, fees, rates, and other charges for direct services provided by the County. Much of this funding (\$212.9 million) is received by departments, such as the Information Services Department and Risk Management Department, that provide direct services to other County Departments. Other notable departments that receive funding to provide specific services include the Sheriff's Department (\$135.3 million), which provides law enforcement services for 14 incorporated county cities, and the County's Solid Waste Department (\$75.1 million) that is responsible for the operation and management of the County solid waste disposal system.

While historically it has been assumed that counties are reliant on relatively stable property taxes for the provision of services, with the realignment of many state services, counties have become increasingly dependent on sales tax revenue. When combining 1991 and 2011 Realignment revenues, which are primarily funded with sales tax (\$670.9 million), with County sales tax (\$21.6 million) and Proposition 172 Half Cent Sales taxes (\$164.8 million), the portion of requirements funded primarily with sales tax represents 16.6% of the County budget. While sales taxes are projected to experience a modest increase in 2015-16, they tend to be much more volatile and quicker to react to changes in the economy, resulting in a higher risk of funding losses in future years.

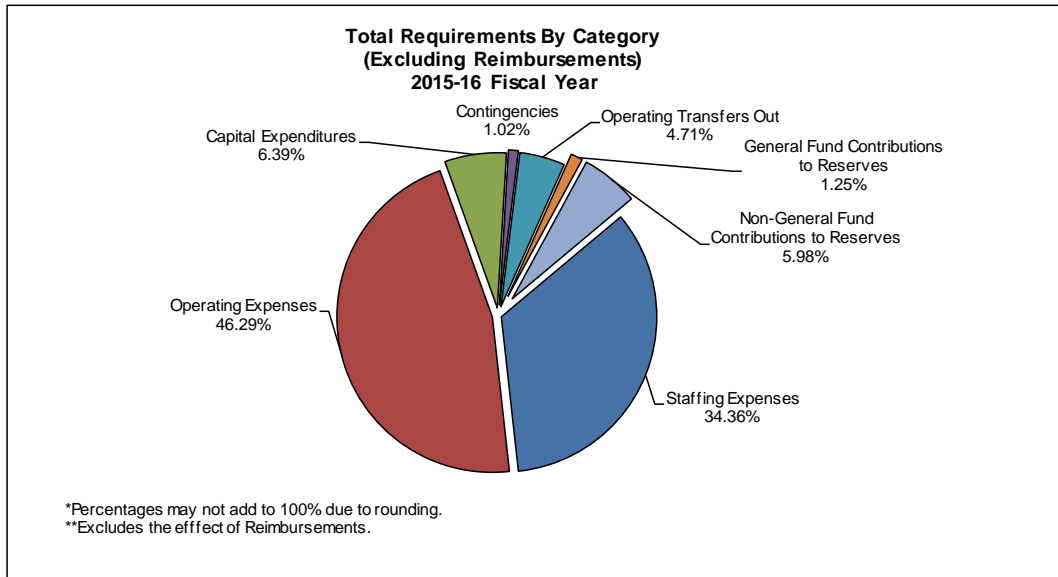
The County's approach to increasing County reserves reflects a fiscally conservative recognition of the resource shift from historically stable to risky tax sources. Through the 2nd Quarter of 2014-15, the County has contributed over \$49.7 million to General Fund reserves and is budgeted to contribute \$68.5 in the 2015-16 Recommended



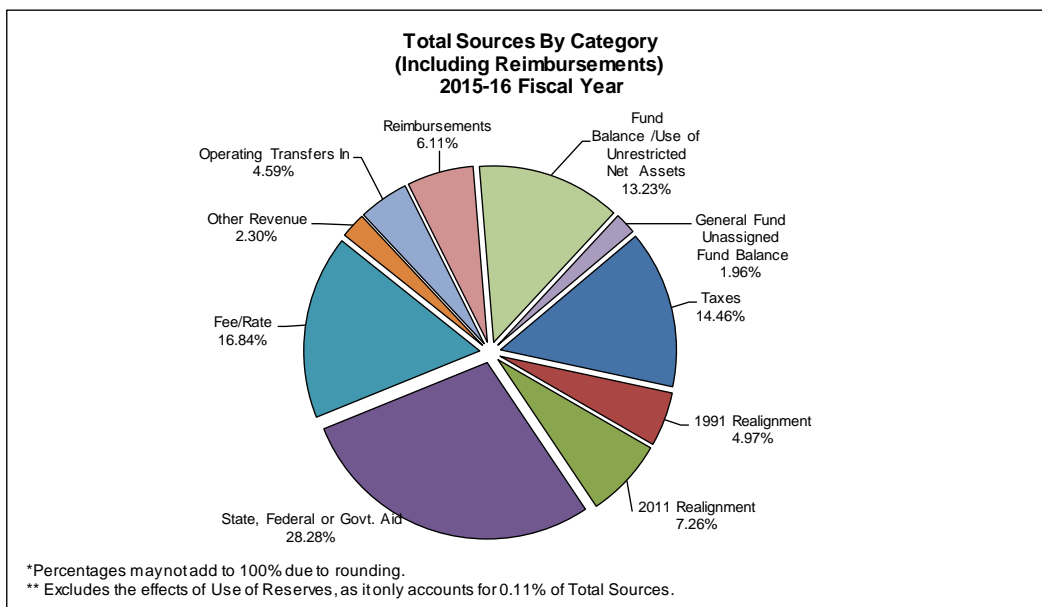
Budget. Further detail on County Reserves can be found in the Discretionary General Funding and Restricted Funds section of the Executive Summary.

REQUIREMENTS AND SOURCES BY CATEGORY

Total Requirements (excluding the effect of reimbursements) include recommended expenditure appropriation for adoption by the Board of Supervisors, operating transfers out, and contributions to reserves for the County General Fund and for non-general fund departments. Operating transfers out provide a mechanism to transfer funding between budget units and are not appropriated to spend.



Total Sources (including the effect of reimbursements) include projected revenue and operating transfers in, which provide a mechanism to transfer funding from one budget unit to another within the County. Additionally, sources include the use of fund balance/unrestricted net assets for all non-general funds, the general fund available unassigned fund balance, and the use of County reserves.

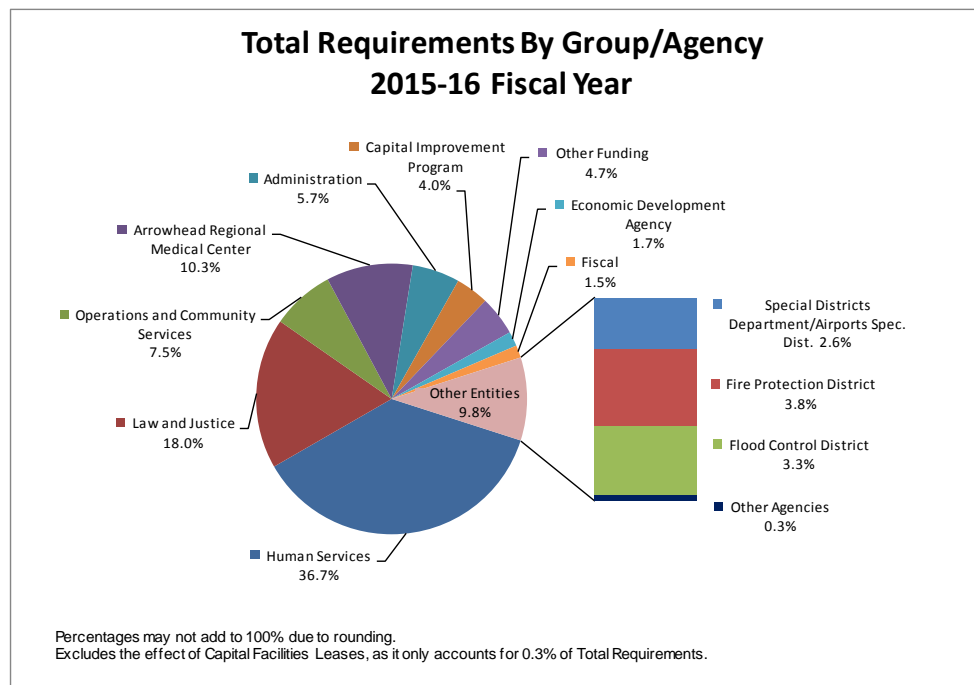


REQUIREMENTS SUMMARY

The 2015-16 Recommended Budget includes requirements of \$5.2 billion, which is a net increase of \$23.0 million or 0.45% compared to the 2014-15 Modified Budget.

	Fiscal Year 2013-14 Actual Amount	Fiscal Year 2014-15 Adopted Budget	Fiscal Year 2014-15 Modified Budget	Fiscal Year 2015-16 Recommended Budget	Change From Prior Year Modified	Percent Change From Prior Year
County:						
Administration	235,056,698	279,716,547	281,960,839	290,668,840	8,708,001	3.09%
Capital Facilities Leases	12,723,643	13,016,519	13,016,519	12,940,810	(75,709)	-0.58%
Economic Development Agency	36,367,747	76,133,849	102,238,737	88,986,612	(13,252,125)	-12.96%
Fiscal	60,058,730	74,122,924	74,961,612	76,323,183	1,361,571	1.82%
Arrowhead Regional Medical Center	519,701,460	497,550,983	520,666,180	530,248,416	9,582,236	1.84%
Human Services	1,604,517,263	1,784,748,231	1,819,460,208	1,886,997,595	67,537,387	3.71%
Law and Justice	806,109,464	874,521,236	900,609,627	925,110,684	24,501,057	2.72%
Operations and Community Services	274,331,312	380,579,092	396,311,020	386,212,617	(10,098,403)	-2.55%
Capital Improvement Program	47,738,824	194,509,142	234,430,699	203,632,417	(30,798,282)	-13.14%
Other Funding	174,034,560	229,118,412	281,347,776	241,549,844	(39,797,932)	-14.15%
Subtotal:	3,770,639,701	4,404,016,935	4,625,003,217	4,642,671,018	17,667,801	0.38%
Special Districts/Other Agencies:						
Special Districts Department/Airports Spec. Dist.	43,910,134	120,766,295	129,613,169	131,331,702	1,718,533	1.33%
Fire Protection District	125,997,746	196,654,229	204,016,169	192,944,720	(11,071,449)	-5.43%
Flood Control District	57,639,773	156,991,933	156,991,933	171,633,376	14,641,443	9.33%
Other Agencies	9,468,529	12,781,222	13,119,588	13,190,681	71,093	0.54%
Subtotal:	237,016,182	487,193,679	503,740,859	509,100,479	5,359,620	1.06%
Total:	4,007,655,883	4,891,210,614	5,128,744,076	5,151,771,497	23,027,421	0.45%
Budgeted Staffing*	21,082	21,186	21,466	21,755	289	1.35%

*2013-14 Budgeted Staffing reflects the Final Budget amounts, as actuals for staffing vary throughout the fiscal year.



Below are explanations of the major expenditures that are included in the \$5.2 billion 2015-16 Recommended budget and changes from the 2014-15 Modified Budget. It should be noted that Requirements discussed in this section include Contributions to Reserves. As a result, the Total Requirements included in this section may not align with the Total Requirements discussed on Budget Unit Specific pages where these contributions are reflected as “Available Reserves”.

County Operations

Administration has requirements of \$290.7 million and contains County departments and functions that provide leadership and support to departments that provide direct public services to County residents. The leadership section of this operational group includes the Board of Supervisors (\$7.7 million), which is the governing body of County government, and the County Administrative Office (\$4.9 million), which directs and coordinates departmental activities according to the law and strategic goals set by the Board of Supervisors. Various support functions include civil legal services provided by County Counsel (\$8.5 million), employment and employee related services provided by Human Resources (\$18.4 million), and information technology support provided by the Information Services Department (\$79.8 million). The largest department in the Administration operational group is the Department of Risk Management, which has requirements of \$106.1 million and administers the County self-insured workers’ compensation, public liability, property conservation, safety and risk reduction programs as well as its insured programs.

Overall, the change in budget from the 2014-15 Modified Budget for this operational group is \$8.7 million, which represents a 3.1% increase in requirements. The most notable change is a \$7.0 million increase across the Information Services Department budget units. This increase will fund a capital improvement project for additional warehouse space that will include specialty vehicle storage and office space.

Capital Facilities Leases has requirements of \$12.9 million and funds the cost of long-term capital lease payments for major County facilities financed by the General Fund. Lease payments include the Justice Center/Chino Airport Improvements project and the West Valley Detention Center.

Economic Development Agency has requirements of \$89.0 million and provides services that seek to create, maintain, and grow the economic value of the County. Such services include small business assistance and technical support, permitting assistance, and business site selection assistance. Notable departmental requirements include \$60.1 million for Community Development and Housing (CDH) services which includes infrastructure improvements in the areas surrounding the San Sevaire and Cedar Glen communities, and \$25.3 million for the Department of Workforce Development, which is funded by federal Workforce Innovation and Opportunity Act revenue to provide services to County residents including job search, skills assessments, vocational training, job readiness skills, and connection to employers.

The net reduction in requirements of \$13.3 million is primarily due to the use of fund balance in 2014-15 by CDH to fund one-time housing projects, such as Bloomington (\$10.2 million) and Cedar Glen (\$4.3 million), which are not being funded at the same levels in 2015-16.

Fiscal has requirements of \$76.3 million and includes the Auditor-Controller/Treasurer/Tax Collector (\$41.0 million) as well as the Assessor/Recorder/County Clerk (\$35.4 million). These departments provide services to the public and other County departments related to the establishment and collection of County property taxes along with other fiscal services that ensure the proper reporting and usage of taxpayer funds. Specifically, the Auditor-Controller/Treasurer/Tax Collector processes, safeguards and provides information regarding County financial activities, manages the County treasury pool, collects and distributes property taxes and other obligations owed to County agencies and courts. The Assessor/Recorder/County Clerk performs mandated assessment of properties, recording of real estate and other documents, and County clerk functions.

Total requirements in this group are increasing \$1.4 million (1.8%) and are primarily associated with an increase of 18 positions within the Auditor-Controller/Treasurer/Tax Collector which will increase efficiencies throughout the department including the divisions of Central Collections, Information Technology, Tax Collection, Auditor and



Disbursements. Eight of the new positions in Auditor-Controller are funded by an increase in ongoing Net County Cost in an effort to increase services levels in Accounts Payables, Internal Audits and Tax Collection.

Arrowhead Regional Medical Center (ARMC) has total requirements of \$530.2 million and provides medical services to County residents. ARMC is an acute care facility that provides a full range of inpatient and outpatient services, has three off campus community health centers, and provides Department of Behavioral Health's inpatient activities and numerous specialty activities. For 2015-16, ARMC will continue to focus on the conversion of patients from self-pay to Medi-Cal to maximize the utilization of Federal and State programs to ensure receipt of all available resources under the Affordable Care Act.

ARMC is increasing requirements a net \$9.6 million, which represents a 1.8% increase. The increase is primarily due to increases related to labor union contracts, physician fees, and volume-related incremental costs such as labor, medical supplies, equipment rentals, and professional fees. Additionally, the Medical Center is increasing Capital Expenditures by \$1.8 million in order to fund needed clinical and non-clinical equipment purchases such as the dual purpose catheterization laboratory equipment.

Human Services is the largest operational group within the County with requirements totaling \$1.9 billion. This group provides health and social service programs to County residents through a number of County departments. Health services are provided primarily through the Department of Behavioral Health (\$407.4 million) and Public Health (\$113.5 million). Social services are provided primarily through the Human Services Administrative Claim budget unit (\$545.0 million), Human Service Subsistence Payments budget units (\$544.0 million), the Preschool Services Department (\$50.2 million), Child Support Services Department (\$40.0 million), and the Aging and Adult Services Department (\$9.4 million).

Human Services is increasing budgeted requirements by \$67.5 million primarily due to increases in the Human Services Administrative Claim, Department of Behavioral Health, and the Human Services Subsistence Units. The Human Services Administrative Claim is increasing requirements by \$27.5 million and is primarily associated with significant increases in services and support provided to clients within the Welfare to Work and Child Welfare Services programs (\$20.3 million). Between its Mental Health Services Act Special Revenue Fund and General Fund budget units, the Department of Behavioral Health (DBH) is increasing requirements by \$26.8 million, primarily due to increases in Staffing and Operating expenses (\$4.9 and \$16.4 million, respectively) to meet the growing need for Correctional and Clinical Mental Health Services within the County. The Human Services – Subsistence funds are also increasing requirements by \$13.5 million as the result of increases in both caseload and average grant payments within the General Relief, Aid to Adoptive Children, Foster Care, Cash Assistance for Immigrants and Refugee Cash Assistance and Kinship Guardianship Adoptions assistance programs.

Law and Justice has requirements of \$925.1 million and provides public safety services to County residents. The Sheriff/Coroner/Public Administrator (total - \$577.2 million) provides law enforcement services for the unincorporated areas of the County and certain services on a countywide basis through its Operations budget unit (\$224.4 million). Another primary function of the Department is to provide Detention facilities (\$190.5 million) for all of the County pre-sentenced inmates as well as sentenced inmates no longer required to go to State prison as a result of the realignment by the State of adult offenders (2011 Realignment). The Department also provides law enforcement services to 14 county cities through contractual agreements (\$135.3 million). The Probation Department (\$181.8 million) provides supervision of adult and juvenile probationers throughout the County as well as for recently realigned State parolees (2011 Realignment). The District Attorney's Office (\$81.5 million) is responsible for prosecuting crimes committed within the County and the Public Defender (\$38.3 million) provides legal counsel for indigent defendants within the County.

Requirements are increasing by \$24.5 million in this operational group primarily due to increased costs of operations and the expansion of various departmental programs. The Sheriff/Coroner/Public Administrator is increasing requirements by \$26.7 million, primarily associated with increased staffing costs across the department's budget units. This includes the addition of a net 15 positions (18 additions, 3 deletions) which are necessary to provide for higher levels of inmate health screening and additional oversight at the jails. The Probation Department's Special Revenue funds are increasing requirements by \$17.6 million due to the set aside of available reserves (\$11.3 million) and increased transfers (\$6.2 million) to the Department's general fund



budget unit to reimburse the cost of 43 new positions and related operating costs associated with providing programs and services to reduce criminal recidivism. These increases are offset by decreases in the Sheriff Special Revenue Funds and Probation General Fund budget units of \$25.4 primarily due to reductions in operating transfers out and capital expenditures which were funded with one-time monies in 2014-15. Lastly, due to the passage of Proposition 47, which reclassified certain nonviolent drug and property crimes from felonies to misdemeanors, an additional \$1.3 million in one-time Discretionary General Funding is recommended to be allocated to the District Attorney, Public Defender, and County Indigent Defense budgets to assist with the large caseload associated with the process of resentencing applicable offenders.

Operations and Community Services has requirements of \$386.2 million and provides both internal support of County operations as well as external services to the public that promote the quality of life and well-being of County residents. Services that support the general operation of County government include custodial, grounds, and maintenance by Real Estate Services - Facilities Management Division (\$15.9 million), the payment of County utilities (\$20.9 million), Real Estate Services (\$4.2 million) and the Chino Agricultural Preserve (\$16.5 million). Departments that provide direct services to the community include Agriculture/Weights and Measures (\$7.1 million), the County Library (\$21.8 million), Land Use Services (\$23.0 million), Registrar of Voters (\$9.2 million), Regional Parks (\$17.5 million), and the County Museum (\$3.3 million). Notably, this group also includes the Department of Public Works – Transportation (\$140.3 million) and Public Works – Solid Waste Management (\$92.4 million). The Transportation Division is responsible for the operation, maintenance, and improvement of the County's road system that currently includes approximately 2,768 miles of roadway. Solid Waste Management is responsible for the operation and management of the County solid waste disposal system, which consists of six regional landfills, nine transfer stations, and thirty-three closed landfills or disposal sites.

The net reduction in requirements is \$10.1 million, which represents a decrease of 2.6% from the 2014-15 Modified Budget, and is primarily due to a reduction in Public Works – Solid Waste of \$6.6 million for outside legal services associated with several settlements of the Mid-Valley Sanitary Landfill Perchlorate Contamination of Ground Water insurance coverage actions. Other significant changes within this budget group include:

- Land Use Services Departments are decreasing by an aggregate \$4.4 million due to the reduction in costs for one-time projects as compared to the prior year (permitting software upgrades and General Plan Update).
- Regional Parks is reducing Requirements by \$1.0 million due to changes in staffing levels and the provision of park services, including reduced costs resulting from a renegotiated contract with the Inland Empire Utilities Agency for water and sewer service at Prado Regional Park.
- Public Works Transportation is reducing requirements by a net \$3.1 million primarily due to decreases in operating and capital expenditures as several major capital improvement projects were completed in 2014-15; notably a new railroad grade separation over 3 railroad lines on Glen Helen Parkway in Devore.
- Facilities Management is increasing Requirements by \$2.2 million primarily due to the addition of maintenance services for the High Desert Detention Center (HDDC), including contracted services, material purchases, and the addition of five positions.
- The County Library is increasing Requirements by \$1.4 million primarily to fund replacement of its Internet filtering solution in order to comply with board policy and remain eligible for federal e-rate funding. In addition, increased Requirements will fund the procurement of automated book sorters for the Apple Valley, Chino Hills, and Hesperia branches.

Capital Improvement Program has requirements of \$203.6 million and is used to account for funding resources designated for the acquisition or construction of major capital facilities. The net reduction is primarily due to a decrease in budgeted expenditures for 2015-16 on the 800mhz upgrade project, Sheriff's Crime Lab expansion, and County Buildings Acquisition and Retrofit project as compared to 2014-15. Further detail on major capital projects for 2015-16 are shown in the Capital Improvement Program section of this summary on page 22.

Other Funding of \$241.5 million primarily represents the Countywide Discretionary Fund (\$92.9 million), General Fund Contingencies (\$32.9 million), and various restricted funds within the General Fund including Proposition 172 Half-Cent Sales tax (\$23.1 million), 1991 Realignment (\$10.6 million), and the Automated Systems



Development Fund (\$11.8 million). Other Funding also includes Contribution to Reserves of \$68.5 million. Requirements within the Countywide Discretionary Fund are used primarily to transfer Discretionary General Funding to various budget units outside the General Fund to fund various programs and projects, such as a multi-year 800 Mhz Radio Re-banding Project (\$26.4 million) for 2015-16, and numerous non-major capital improvement projects for County facilities (\$12.0 million).

Restricted Funds (General Fund) consist of four limited use budgets – Propositions 172 Half-Cent Sales tax, 1991 Realignment, 2011 Realignment, and Automated Systems Development. Proposition 172 revenue assists in funding the Sheriff/Coroner/Public Administrator, District Attorney, and Probation departments. Realignment assists in funding realigned law and justice, mental health, social services and health programs within the County. Automated Systems Development is funding that is set aside for the purpose of developing, upgrading, and/or replacing the County Financial Accounting System. Further detail on all Restricted Funds can be found in the Discretionary General Funding and Restricted Funds section of the Executive Summary.

The net decrease to Other Funding of \$39.8 million primarily represents a reduction in General Fund Contingencies of \$59.3 million. Contingencies represent funding available from 2015-16 sources that have not been allocated for expenditure. Further detail on County Contingencies and Reserves can be found in the Discretionary General Funding and Restricted Funds section of the Executive Summary.

Special Districts/Other Agencies Operations

Special Districts Department/Airports Special District has requirements of \$131.3 million and is managed primarily by the Special Districts Department (\$120.7 million) with \$10.7 million in requirements managed by County Airports. Airports manages County Service Area 60, which funds the operation, capital projects and maintenance of the Apple Valley Airport that was built in 1970 and is a public use airport providing general aviation services to the High Desert region.

The Special Districts Department provides for the management, and maintenance of general, parks and recreation, road, sanitation, streetlighting, and water districts for 101 Districts, County Services Areas (CSA) and Improvement Zones within the County. On December 29, 1969 the Board of Supervisors established CSA 70 Countywide to provide a centralized mechanism for administration of personnel and operations which serve all of the Board governed CSAs. Staff within CSA 70 Countywide provide centralized and regional management services, administration, engineering, fiscal, human resources, lien administration, park maintenance, payroll, information services, road maintenance and inspection services. Along with \$89.4 million in requirements that are budgeted for all departmental operations, the Special Districts Department maintains several budgets totaling \$31.2 million for the primary purpose of maintaining an adequate level of funds set aside to protect the districts from unforeseen increases in expenditures or reductions in revenues, or other extraordinary events, which would harm the fiscal health of the districts.

Overall requirements across Special Districts are remaining relatively flat from the prior year, increasing by only 1.3%, or \$1.7 million. This increase is primarily associated with increases in capital projects within the Water District Capital Improvement Projects and are offset by decreases in the Water Replacement Reserves to fund the associated capital projects. Major projects budgeted for 2015-16 include the \$4.3 improvement project in CSA 70 Cedar Glen and a \$4.3 million project to complete the design phase and construct a water pipeline, reservoir and pump station at CSA 70 W-4 Pioneertown.

Fire Protection District has requirements of \$193.0 million and provides fire protection and emergency services throughout the County. The District encompasses 16,535 square miles, operates 63 fire stations and 11 facilities within four Regional Service Zones (Mountain, North Desert, South Desert and Valley) and serves more than 60 unincorporated communities, the City of Grand Terrace, and the Town of Yucca Valley. The District is an all-risk fire department providing emergency mitigation and management for fire suppression, emergency medical services (paramedic and non-paramedic), ambulance services, hazardous materials (HAZMAT) response, arson investigation, technical rescue including water borne, flooding and mudslide, winter rescue operations, hazard abatement, terrorism and weapons of mass destruction.



Requirements are decreasing by \$11.1 million which is primarily due to the reduction in contributions to reserves. County Fire is using reserves to fund operations in 2015-16 as a result of a one-time reduction in the County General Fund subsidy in order to establish General Fund reserves for the following two capital projects: County Fire consolidated headquarters and County Fire training center.

Flood Control District was created in 1939 under special State legislation and has requirements of \$171.6 million. The District has developed an extensive system of flood control and water conservation facilities, including dams, conservation basins, debris basins, channels and storm drains. The purpose of these facilities is to intercept and convey flood flows through and away from developed areas of the County, as well as to promote water conservation and improved water quality.

The net increase of \$14.6 million is primarily due to departmental increases in available reserves associated with the receipt of a settlement payment related to an insurance coverage action and delayed construction projects.

Other Agencies has total requirements of \$13.2 million and contains four Other Agency budget reporting entities in the County, including the In-Home Supportive Services Public Authority (\$8.7 million), Inland Counties Emergency Medical Agency (\$4.4 million), County Industrial Development Authority (\$56,513), and Economic and Community Development Corporation (\$42 dollars). The In-Home Supportive Services (IHSS) program was created in 1973 to serve elderly, blind, and/or disabled individuals who are not able to remain safely in their home without assistance. The Inland Counties Emergency Medical Agency (ICEMA) was developed under a Joint Powers Agreement with San Bernardino, Inyo and Mono Counties and is charged with the coordination, evaluation, and monitoring of emergency medical services within public and private pre-hospital providers, specialty hospitals, paramedic base hospitals, and the effectiveness of Emergency Medical Services (EMS) educational programs and medical disaster preparedness. The County Industrial Development Authority and Economic and Community Development Corporation were agencies created to provide various methods of financing on behalf of private enterprise in order to promote and enhance economic development and increase opportunities for useful employment.

Requirements are increasing by less than 1% in this group due to the addition of staff within IHSS (increase of \$0.4 million), which is offset by a reduction in ICEMA of \$0.4 million related to two positions that were eliminated as the result of efficiencies generated by the implementation of the Imagetrend system and a reduction in one time capital expenditures.

TOTAL REQUIREMENTS BY FUND TYPE

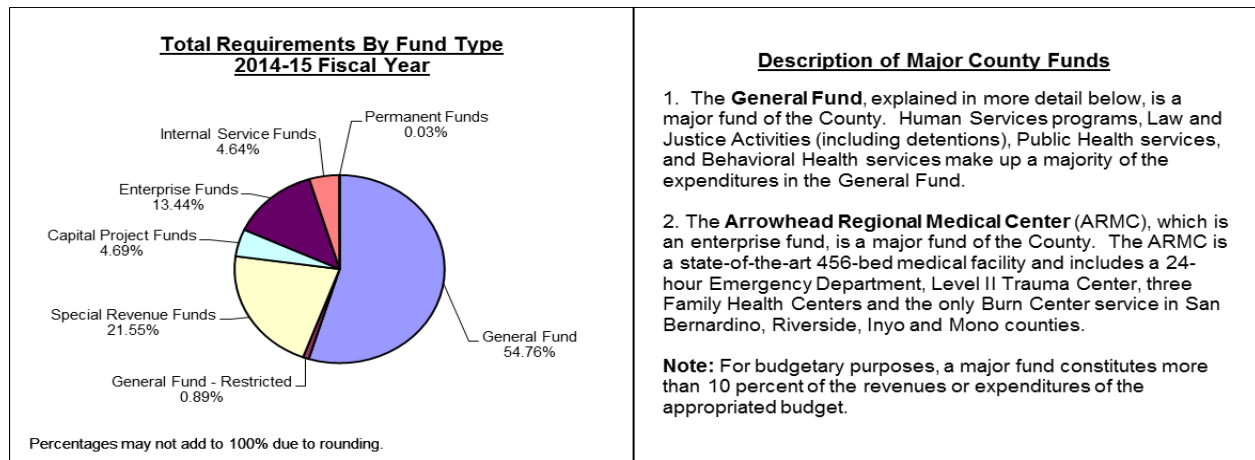
	Fiscal Year 2013-14 Actual Amount	Fiscal Year 2014-15 Adopted Budget	Fiscal Year 2014-15 Modified Budget	Fiscal Year 2015-16 Recommended Budget	Change From Prior Year Modified	Percent Change From Prior Year
General Fund	2,501,570,339	2,670,603,670	2,782,534,567	2,821,292,958	38,758,391	1.39%
General Fund - Restricted	71,942,076	54,954,325	53,205,046	45,805,277	(7,399,769)	-13.91%
Special Revenue Funds	587,373,548	1,070,711,752	1,091,673,234	1,109,957,024	18,283,790	1.67%
Capital Project Funds	51,557,579	217,961,783	283,195,309	241,627,383	(41,567,926)	-14.68%
Enterprise Funds	618,693,049	650,226,781	690,023,612	692,654,254	2,630,642	0.38%
Internal Service Funds	176,513,259	225,132,238	226,492,243	238,826,536	12,334,293	5.45%
Permanent Funds	6,032	1,620,065	1,620,065	1,608,065	(12,000)	-0.74%
Total	4,007,655,883	4,891,210,614	5,128,744,076	5,151,771,497	23,027,421	0.45%

Budgeted Staffing*	21,082	21,186	21,466	21,755	289	1.35%
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*2013-14 Budgeted Staffing reflects the Final Budget amounts, as actuals for staffing vary throughout the fiscal year.

Note: In prior years, this chart displayed General Fund - Categorical and General Fund - Discretionary appropriation. In 2015-16 these categories have been combined into one category, General Fund. Prior years have been restated.





Governmental Fund Types

General Fund: The General Fund is used to account for resources traditionally associated with government, which are not required legally or by sound financial management to be accounted for in another fund. The General Fund is the County's primary operating fund and requirements are separated into General Fund and General Fund – Restricted. Funds included in the General Fund category are those that the Board of Supervisors predominately have oversight on the sources and requirements, including units that are typically mandated in nature, such as human service programs. General Fund – Restricted Funds consists of Prop 172, 1991 and 2011 Realignment, and Automated Systems Development. In prior years, the General Fund in this chart was broken into Categorical and Discretionary. Beginning in 2015-16, those categories have been combined into one General Fund category and prior years have been restated.

Special Revenue Funds: Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes (other than for major capital projects).

Capital Project Funds: Capital Project Funds account for financial resources designated for the acquisition or construction of major capital facilities other than those funded by Enterprise and Internal Service Funds.

Permanent Funds: Permanent Funds account for legally restricted resources provided by trust in which the earnings but not the principal may be used for purposes that support the primary government's programs.

Proprietary Fund Types

Enterprise Funds: Enterprise Funds account for operations that are funded and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be funded or recovered primarily through user charges.

Internal Service Funds: Internal Service Funds account for the funding of goods or services provided by one department or agency to other departments or agencies of the governmental unit on a cost reimbursement basis.



The matrix below lists the group/agency as depicted in the organizational chart of the County. For each group/agency listed, the various fund types utilized are shown with their total requirements (including Operating Transfers Out).

	General Fund	Special Revenue Funds	Capital Project Funds	Enterprise Funds	Internal Service Funds	Permanent Funds	Total - All Funds
ADMINISTRATION							
BOARD OF SUPERVISORS	7,663,942						7,663,942
BOARD DISCRETIONARY FUNDING	2,235,710						2,235,710
CLERK OF THE BOARD	2,104,475						2,104,475
COUNTY ADMINISTRATIVE OFFICE	5,327,587						5,327,587
COUNTY COUNSEL	8,499,243						8,499,243
FINANCE AND ADMINISTRATION	3,048,110	28,553					3,076,663
HUMAN RESOURCES	12,972,999	5,427,261					18,400,260
FLEET MANAGEMENT					40,740,025		40,740,025
INFORMATION SERVICES	2,387,498				77,461,253		79,848,751
PURCHASING	2,362,435				10,838,337		13,200,772
RISK MANAGEMENT					106,138,021		106,138,021
LOCAL AGENCY FORMATION COMMISSION	294,039						294,039
COUNTY SCHOOLS	3,139,352						3,139,352
TOTAL ADMINISTRATION	50,035,390	5,455,814	0	0	235,177,636	0	290,668,840
CAPITAL FACILITIES LEASES							
CAPITAL FACILITIES LEASES	12,940,810						12,940,810
TOTAL CAPITAL FACILITIES LEASES	12,940,810	0	0	0	0	0	12,940,810
ARROWHEAD REGIONAL MEDICAL CENTER							
ARROWHEAD REGIONAL MEDICAL CENTER				530,248,416			530,248,416
TOTAL ARROWHEAD REGIONAL MEDICAL CENTER	0	0	0	530,248,416	0	0	530,248,416
ECONOMIC DEVELOPMENT AGENCY							
ECONOMIC DEVELOPMENT	3,513,630						3,513,630
COMMUNITY DEVELOPMENT AND HOUSING		37,479,790	22,665,261				60,145,051
WORKFORCE DEVELOPMENT		25,327,931					25,327,931
TOTAL ECONOMIC DEVELOPMENT AGENCY	3,513,630	62,807,721	22,665,261	0	0	0	88,986,612
FISCAL							
ASSESSOR/RECORDER/COUNTY CLERK	23,385,365	11,980,629					35,365,994
AUDITOR-CONTROLLER/TREASURER/TAX COLLECTOR	39,324,296	1,632,893					40,957,189
TOTAL FISCAL	62,709,661	13,613,522	0	0	0	0	76,323,183
HUMAN SERVICES							
AGING AND ADULT SERVICES	10,489,323						10,489,323
BEHAVIORAL HEALTH	185,423,229	222,011,167					407,434,396
CHILD SUPPORT SERVICES	39,988,504						39,988,504
HEALTH ADMINISTRATION	120,279,015	40,831,262					161,110,277
HUMAN SERVICES	1,088,938,995	13,197,829					1,102,136,824
PRESCHOOL SERVICES		50,196,486					50,196,486
PUBLIC HEALTH	105,632,156	7,842,620					113,474,776
VETERANS AFFAIRS	2,167,009						2,167,009
TOTAL HUMAN SERVICES	1,552,918,231	334,079,364	0	0	0	0	1,886,997,595
LAW AND JUSTICE							
COUNTY TRIAL COURTS	40,220,971	2,148,444					42,369,415
DISTRICT ATTORNEY	69,644,317	11,842,781					81,487,098
LAW AND JUSTICE GROUP ADMINISTRATION	90,208	3,801,499					3,891,707
PROBATION	146,321,121	35,496,613					181,817,734
PUBLIC DEFENDER	38,296,378						38,296,378
SHERIFF/CORONER/PUBLIC ADMINISTRATOR	550,174,453	27,073,899					577,248,352
TOTAL LAW AND JUSTICE	844,747,446	80,363,236	0	0	0	0	925,110,684
OPERATIONS AND COMMUNITY SERVICES							
AGRICULTURE/WEIGHTS AND MEASURES	6,918,980	143,198					7,062,178
AIRPORTS	2,958,485	7,450,547					10,409,032
ARCHITECTURE AND ENGINEERING	0						-
COMMUNITY SERVICES GROUP	270,000						270,000
COUNTY LIBRARY		21,849,486					21,849,486
COUNTY MUSEUM	3,252,267			67,874			3,320,141
LAND USE SERVICES	22,951,013						22,951,013
PUBLIC WORKS	3,243,549	140,407,590		92,418,864			236,070,003
REAL ESTATE SERVICES	41,055,389	16,518,172					57,573,561
REGIONAL PARKS	10,216,598	7,236,235		48,982			17,501,815
REGISTRAR OF VOTERS	9,205,388						9,205,388
TOTAL OPERATIONS AND COMMUNITY SERVICES	100,071,669	193,605,228	0	92,535,720	0	0	386,212,617
CAPITAL IMPROVEMENT PROGRAM							
CAPITAL IMPROVEMENT PROGRAM			203,632,417				203,632,417
TOTAL CAPITAL IMPROVEMENT PROGRAM	0	0	203,632,417	0	0	0	203,632,417
OTHER FUNDING							
ALL OTHER FUNDING (E.G. COUNTYWIDE DISCRETIONARY, PROP 172, REALIGNMENT)	240,161,396	1,388,448					241,549,844
TOTAL OTHER FUNDING	240,161,396	1,388,448	0	0	0	0	241,549,844
SPECIAL DISTRICTS DEPARTMENT/							
AIRPORTS SPECIAL DISTRICT							
SPECIAL DISTRICTS DEPARTMENT/							
AIRPORTS SPECIAL DISTRICT		44,996,905	14,856,614	69,870,118		1,608,065	131,331,702
TOTAL SPECIAL DISTRICTS DEPARTMENT/							
AIRPORTS SPECIAL DISTRICT	0	44,996,905	14,856,614	69,870,118	0	1,608,065	131,331,702
FIRE PROTECTION DISTRICT							
FIRE PROTECTION DISTRICT		192,471,629	473,091				192,944,720
TOTAL FIRE PROTECTION DISTRICT	0	192,471,629	473,091	0	0	0	192,944,720
FLOOD CONTROL DISTRICT							
FLOOD CONTROL DISTRICT		167,984,476			3,648,900		171,633,376
TOTAL FLOOD CONTROL DISTRICT	0	167,984,476	0	0	3,648,900	0	171,633,376
OTHER AGENCIES							
OTHER AGENCIES		13,190,681					13,190,681
TOTAL OTHER AGENCIES	0	13,190,681	0	0	0	0	13,190,681
GRAND TOTAL	2,867,098,235	1,109,957,024	241,627,383	692,654,254	238,826,536	1,608,065	5,151,771,497



TOTAL REVENUE AND OTHER FUNDING SOURCES

	Fiscal Year 2013-14 Actual Amount	Fiscal Year 2014-15 Adopted Budget	Fiscal Year 2014-15 Modified Budget	Fiscal Year 2015-16 Recommended Budget	Change From Prior Year Modified	Percent Change From Prior Year
Revenue						
Taxes	750,865,921	733,643,627	757,020,969	792,753,688	35,732,719	4.72%
1991 Realignment	199,674,448	209,149,972	262,131,970	272,517,138	10,385,168	3.96%
2011 Realignment	303,121,828	304,905,462	358,336,605	398,381,791	40,045,186	11.18%
State, Federal or Government Aid	1,465,959,580	1,573,072,710	1,547,089,101	1,551,002,092	3,912,991	0.25%
Fee/Rate	952,964,908	893,328,166	897,014,016	923,551,865	26,537,849	2.96%
Other Revenue	139,686,784	122,895,072	160,104,933	126,283,321	(33,821,612)	-21.12%
Total Revenue	3,812,273,470	3,836,995,009	3,981,697,594	4,064,489,895	82,792,301	2.08%
Other Funding Sources						
Operating Transfers In	211,504,128	213,179,591	265,527,617	251,479,094	(14,048,523)	-5.29%
Fund Balance/Use of Unrestricted Net Assets*	(10,968,542)	725,083,452	724,997,277	725,274,303	277,026	0.04%
General Fund Unassigned Fund Balance*	(5,153,174)	110,316,025	110,316,025	107,606,061	(2,709,964)	-2.46%
Use of Reserves	0	5,636,537	46,205,563	2,922,144	(43,283,419)	-93.68%
Total Other Funding Sources	195,382,413	1,054,215,605	1,147,046,482	1,087,281,602	(59,764,880)	-5.21%
Total Revenue and Other Funding Sources	4,007,655,883	4,891,210,614	5,128,744,076	5,151,771,497	23,027,421	0.45%

* For 2013-14, the two Fund Balance budget line items represent either the actual use of fund balance (if positive amounts) or the actual increase to fund balance (if negative amounts) throughout the fiscal year.

The revenue and other funding sources schedule above includes all County funds. This schedule includes operating transfers in, which are the mechanism for providing funding from one budget unit to another within the County. Additionally, this schedule summary provides the fund balance/use of unrestricted net assets for all non-general funds, the general fund unassigned fund balance, as well as the use of County reserves. Descriptions of major sources of funding in the 2015-16 Recommended Budget and changes from the 2014-15 Modified Budget are included below.

Revenue

Taxes of \$792.8 million consist of approximately \$521.0 million in Property Tax (\$491.2 million) and Sales/Other Tax (\$29.8 million) that is deposited directly into the Discretionary General Fund for allocation by the Board of Supervisors. An additional \$106.0 million in Property Tax is reported for the County Library (\$14.4 million), Fire Protection District (\$42.0 million), Flood Control District (\$42.0 million), and Board Governed Districts managed by the Special Districts Department and Airports (\$7.5 million). Finally, Taxes also consist of Proposition 172 Half-Cent Sales Tax (\$164.8 million) and Sales Tax – Measure I Road Operations funds (\$6.4 million).

The net increase of \$35.7 million is primarily related to a \$18.5 million projected increase in Property taxes that are deposited into the Discretionary General Fund. This is the result of a projected 3.0% increase in the assessed valuation of properties within the County resulting in \$12.0 million additional property tax revenue and an additional 6.0 million related to the dissolution of Redevelopment Agencies. Additionally, it is estimated that the Proposition 172 Half-Cent Sales Tax will increase by \$5.5 million in the upcoming fiscal year. For more detail on Discretionary General Fund related taxes, refer to the Discretionary General Funding and Restricted Funds section of the 2015-16 Recommended Budget, Executive Summary book.

1991 Realignment revenues of \$272.5 million and **2011 Realignment** revenues of \$398.4 million are increasing over the prior year modified budget by \$10.4 million and \$40.0 million, respectively. Although technically not categorized as the receipt of taxes, this funding is received from the State and is primarily derived from sales taxes to pay for realigned law and justice, mental health, social services and health programs within the County. Because sales tax tends to be much more volatile and quicker to react to changes in the economy, its usage results in a higher risk of funding decreases in future years. These decreases will likely coincide with an economic downturn where there is an increased need for programs funded with this revenue. For more detail on 1991 Realignment funding, refer to the Discretionary General Funding and Restricted Funds section of the 2015-16 Recommended Budget, Executive Summary.



State, Federal, and Other Government Aid represent the largest revenue source within the County totaling \$1.6 billion. The Human Services operational group receives the largest amount of funds from other governments, with \$335.0 million received from the State and \$640.5 million from the federal government. Countywide, there is an overall increase of \$3.9 million from the prior year modified budget in this revenue category, which represents an increase of just 0.25%.

Notable changes within this revenue source include:

- **Human Services** is decreasing \$34.2 million within the Human Services Subsistence Units as the result of expenses within various subsistence programs transitioning from being State funded to Realignment funding.
- **ARMC** is increasing State, Federal and Other Governmental Aid by \$20.0 million due to increased acute care volume which is funded by these sources.
- **Special Districts** is increasing by \$4.7 million due to the continued commitment to invest in water infrastructure. The department is pursuing a grant for \$4.2 million from the State Water Board to pay for the design and construction of a pipeline, a 75,000 gallon water reservoir and a pump station in CSA 70 W-4.
- **Operations and Community Services** is decreasing this source by a net \$8.8 million primarily due to reductions in the Public Works - Transportation budget unit associated with decreased project reimbursements from the state, federal and other governmental agencies for recently completed projects, and a decrease in gas tax revenue.

Fee/Rate includes the following types of revenues: licenses, permits, fines, fees, rates, and other services. Total revenue of \$923.6 million is anticipated to increase from the 2014-15 modified budget by \$26.5 million. Much of this funding (\$212.4 million) is received by departments, such as the Information Services Department and Risk Management Department, that provide direct services to other County Departments. Other notable departments that receive funding to provide specific services include the Sheriff's Department (\$135.3 million), which provides law enforcement services for 14 incorporated county cities, and the County's Solid Waste Department (\$75.1 million) that is responsible for the operation and management of the County solid waste disposal system. The following provides the most significant increases in this revenue category.

- **Administration** is increasing by a net \$19.6 million due to increases in Risk Management – Insurance Fund and Information Services. Increased Sources in Risk Management are due to additional premium allocations to the Law Enforcement Liability, General Liability, Auto Liability, and Workers' Compensation Programs to achieve the 80% confidence level of funding. Increased Sources in Information Services are due to service rate and customer utilization increases and cost recovery for customer enterprise licensing requirements previously reimbursed as transfers to ISD.
- **Law and Justice** is increasing sources by \$6.6 million due to additional charges to contract cities for the provision of law enforcement services. The increased funding for services is the result of increased risk management liabilities and increased retirement costs.
- **Fiscal** is increasing Sources in this category by \$4.6 million primarily due to the reclassification of Treasury Pool cost reimbursements being reclassified from Other Revenue into Fee/Rate revenue within the Auditor-Controller's General Fund budget unit.
- **Operations and Community Services** is increasing by \$4.1 million as the result of changes within the Solid Waste funds due to increases in gate fees through increased import tonnage and contracted COLA rate changes.
- **ARMC** is decreasing by \$3.9 million due to reductions in commercial and private pay sources.
- **Fire** is decreasing by \$2.9 million due to the termination of the Crest Forest service contract and the concurrent annexation action.



Other Revenue of \$126.3 million primarily includes interest earnings, rents and concessions, and tobacco settlement funds. This revenue source is anticipated to decrease by a net \$33.8 million over the prior year modified budget. Notably, Economic Development – Community Development and Housing (CDH) and the Solid Waste Division are decreasing other revenue by \$23.4 and \$7.2 million, respectively. This is primarily due to the one-time transfer in of \$23.0 million in redevelopment bond funds from the Successor Agency to CDH in 2014-15 and the reduction of one time projects in Solid Waste which were budgeted in 2014-15 and have either been completed or will not be funded at the same level in 2015-16.

Other Funding Sources

Operating Transfers In of \$251.5 million is a funding source that provides a mechanism to transfer funding from one budget unit to another within the County. Two of the most notable groups with large Operating Transfers In include the Capital Improvement Program (\$84.1 million) and the Countywide Discretionary Fund (\$29.0 million). Operating Transfers In are the main funding source for the Capital Improvement Program as the program is funded primarily through monies received from other County Departments and the County General Fund for specific projects. The Countywide Discretionary Fund receives this funding primarily from the County's Master Settlement Agreement fund, which transfers revenues received from a settlement with the tobacco industry, which in turn is used by the General Fund to pay for a portion of debt service on the Arrowhead Regional Medical Center facility, increased health care costs within the Department of Public Health, and a realignment local match requirement.

The net decrease in this funding source of \$14.0 million is primarily the result of a one-time reduction in Transfers In from the County General Fund to County Fire.

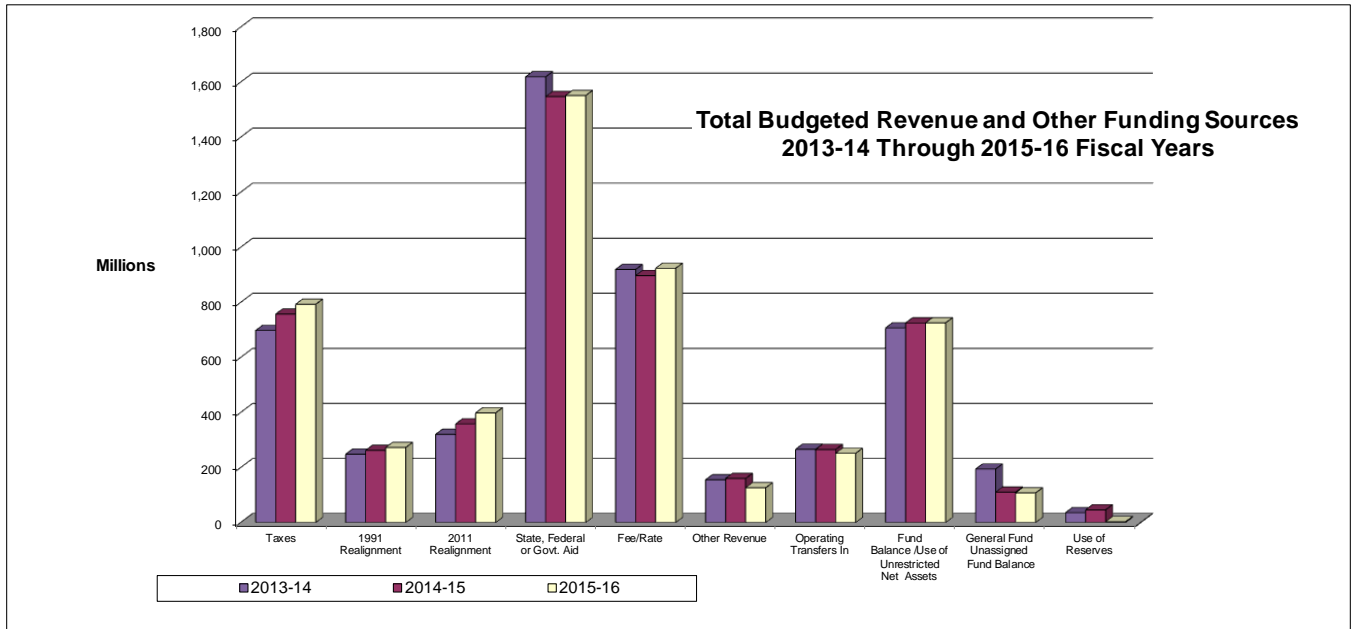
Fund Balance/Use of Unrestricted Net Assets of \$725.3 million represents unspent funds carried over from 2014-15 that are available to be budgeted for all Restricted, Special Revenue and Capital Improvement funds in the County and the use of unrestricted net assets that are available in Internal Service and Enterprise funds. The amount of fund balance available for appropriation is increasing over the prior year by only 0.04%, or \$277,026. Approximately \$327.8 million of fund balance is recommended to be contributed to reserves.

General Fund Unassigned Fund Balance of \$107.6 million represents unspent general fund balance carried over from 2014-15. Of this amount, \$68.5 million is recommended to be contributed to a variety of specific purpose reserves in the General Fund and \$9.5 million is recommended to fund the County's mandatory 1.5% contingency, which per Board Policy 05-01 is in the general fund to accommodate unanticipated operational changes, legislative impacts, or other economic events affecting County operations that could not have been reasonably anticipated. General Fund Available Unassigned Fund Balance is decreasing by \$2.7 million from the prior year.

Use of Reserves of \$2.9 million represents the use of Discretionary General Funding that had been set aside for the County General Plan Update (\$0.3 million), Permit System Upgrades (\$0.2 million), the CalFresh Waiver Discontinuance (\$1.3 million), the Rimforest Drainage Project (\$0.8 million) and the District Attorney Courthouse Remodel Project (\$0.3 million). This represents a decrease of \$43.3 million from the 2014-15 modified budget and is detailed in the Discretionary General Funding and Restricted Funds section of the Executive Summary.

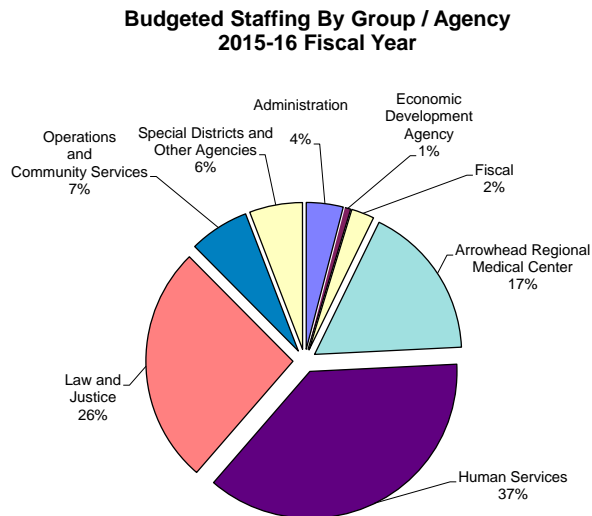
The bar graph below includes total budgeted revenue and other funding sources from the 2013-14 Final Budget to the 2015-16 Recommended Budget. 2013-14 amounts will not match previous information on prior pages because the bar graph below reports on budgeted revenue and amounts in the previous tables reflect actual revenue received.





BUDGETED STAFFING SUMMARY

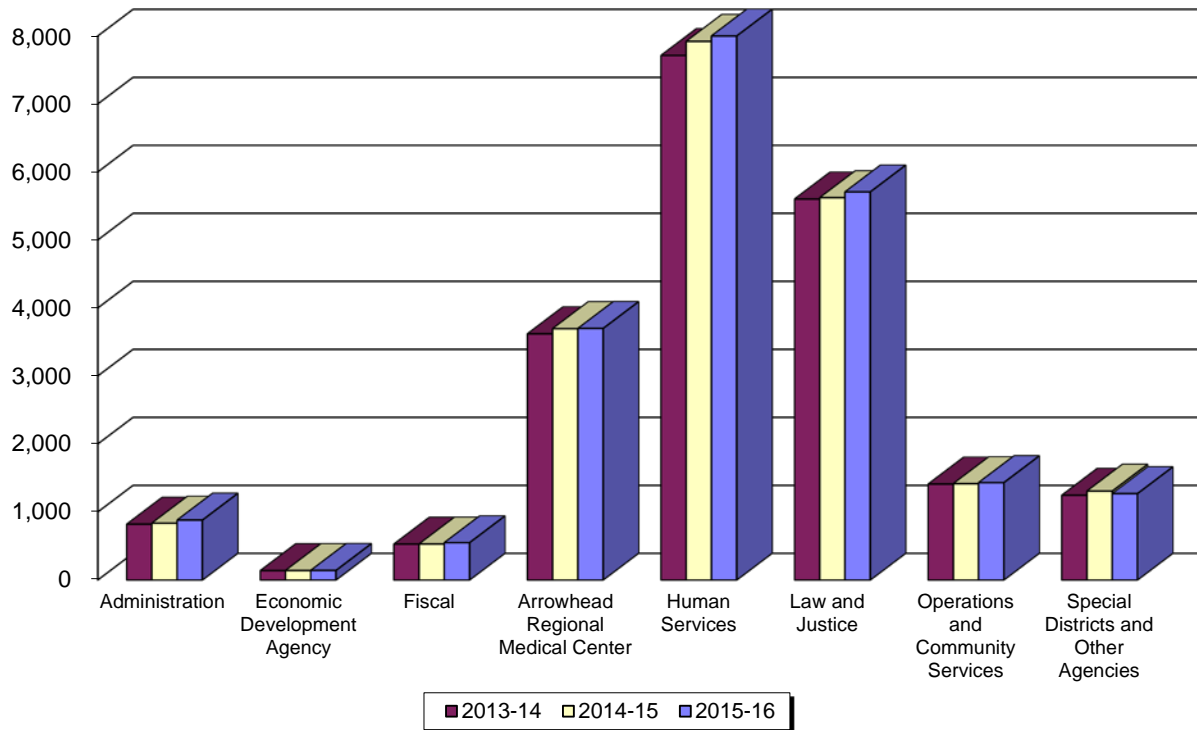
Budgeted staffing is accounted for using headcount; each position, whether full time or part time, is counted as one. The pie chart below depicts the budgeted staffing by group/agency for the 2015-16 fiscal year. The following bar graph illustrates the budgeted staffing for the 2015-16 fiscal year as well as the prior two fiscal years.



Percentages may not add to 100% due to rounding.



Budgeted Staffing By Group / Agency 2013-14 Through 2015-16 Fiscal Years



	2014-15 Modified Budget Staffing	Change from Modified Budget			2015-16 Recommended Budget Staffing	Percentage Change
		Caseload Driven/ Grant or Special Funded Programs	All Other Programs	Total Change		
County - General Fund	13,852	201	62	263	14,115	1.9%
County - Other Funds	6,307	62	1	63	6,370	1.0%
Special Districts and Other Agencies	1,307	(37)	-	(37)	1,270	(2.8%)
Total	21,466	226	63	289	21,755	

Budgeted staffing for caseload driven/grant, or special funded programs, increased overall by a net 226 positions. Significant changes from the previous year's modified budgeted staffing in caseload driven, grant or special funded programs include the following:

County - General Fund

- **Human Services Administrative Claim** is requesting a net increase of 28 budgeted positions. The net increase is primarily the result of an additional 66 positions in the Children and Family Services Department (CFS) and Department of Aging and Adult Services (DAAS). CFS is adding a total of 66 positions primarily due to Board action on January 27, 2015 (Item No. 29) which added sixty-five (65) CFS Senior Social Service Practitioners (Sr. SSP). The Sr. SSPs will assist with the oversight, mentoring, and training of line staff and allow the supervisory staff to focus on the administrative functions of their role, which is to ensure adherence to Federal, State,



Departmental and Juvenile Court mandates for caseloads comprised of children and young adults ages 0 to 21. The addition of the 65 positions appears as a budgetary increase in 2015-16 since the Board action occurred after the reporting period from which the 2014-15 Modified Staffing figures are based upon. DAAS is increasing 13 positions to increase staffing to improve service delivery in response to a 10% increase in caseload which is related to the implementation of the Coordinated Care Initiative. These increases are offset by the deletion of 51 positions within the Transitional Assistance Department due to the reduction of enhanced state CalFresh Administration funding, which is due to the elimination of the CalFresh waiver that allowed Counties to draw down additional State and Federal funding without additional matching funds from the County.

- **Behavioral Health** is requesting a net budgeted staffing increase of 65 positions between the Behavioral Health and Alcohol and Drug Services budget units. This is primarily due to the anticipated increase in demand for Correctional Mental Health, Mental Health Clinic and Alcohol and Drug Services related to CalWORKs Lifeskills program requirements and the Transitional Assistance Family Stabilization program established in 2014-15.
- **Public Health** is requesting a net increase of 16 budgeted positions. This increase is necessary primarily to address additional grant funding (11 positions) and quality improvement and compliance efforts (4 positions related to accreditation, 2 related to compliance), and other staffing changes to increase efficiency in operations.
- **Public Health – California Children’s Services** is requesting to increase budgeted staffing by 5 positions. This division of the Department of Public Health is a state program that provides case management, diagnosis and treatment services to individuals up to 21 years old with severe qualifying medical conditions and whose families are unable to pay for all or part of the care. The increased clinical and clerical staffing is necessary to address state mandated staffing requirements based on active caseload. Providing proactive medical case management contributes to better care and cost effective efficiencies.
- **Probation – Administration, Correction, Detention** recommends the addition of 43 positions which are the result of Board action on May 19, 2015 (Item No. 84) which authorizes the addition of said positions to expand the current SB 678 supervision program to a level commensurate with confirmed funding. Probation believes that this increase in budgeted staffing will continue to reduce the number of County commitments to state prison. The addition of the 43 positions appears as a budgetary increase in 2015-16 since the Board action occurred after the reporting period from which the 2014-15 Modified Staffing figures are based upon.
- **Public Defender** is requesting an increase of 15 positions in order to assign staff to local school board attendance hearings, respond to increases in caseload associated with the passage of Proposition 47, and to address staffing needs for the department’s case file imaging project.
- **Sheriff’s Department – Detentions** – The Sheriff’s Department is requesting the increase of 18 positions within its Detentions budget unit, of which 15 are funded with additional projected AB 109 funding and are necessary to provide for higher levels of inmate health screening and additional oversight at the jails.

County - Other Funds

- **The Department of Behavioral Health – Mental Health Services Act** budget unit is increasing by a net 29 positions. This increase will allow the department to meet the increasing demands for mental health services in Adult System of Care and to also improve programmatic oversight, IT Support for a new billing system and administrative support.
- **Preschool Services** is recommending the addition of 14 budgeted positions, which will enable the Department to staff the additional classrooms at the Fontana Citrus Head Start site and reduce the child to adult ratio in the early Head Start program.



Special Districts and Other Agencies

- **Fire Protection District** is recommending a net decrease of 38 budgeted positions. This is primarily due to the deletion of vacant paid call and limited term firefighter positions. These positions are being deleted because they are difficult to fill. These deletions will have no impact on operations. Other notable changes include the addition of 30 Firefighter Trainee positions to improve recruitment efforts, the elimination of 11 positions due to reduced contract services for the Hesperia Fire Protection District and the City of Victorville, and the addition of 2 positions to increase supervision of the Inmate Hand Crew program.

Budgeted staffing for all other programs increased a net 63 budgeted positions. Significant changes from the previous year's modified budgeted staffing in all other programs include the following:

- **Administration** - Budgeted staffing within the Administrative Budget Group is increasing by a total of 45 positions. Significant changes within the group include increases in County Administrative Office (CAO) – Automated Systems Development (12), County Counsel (5), Human Resources (9), Fleet (6) and Information Services (7). CAO - Automated Systems Development is adding 12 positions in order to prepare for the launch of the financial accounting system upgrade project. County Counsel is increased by 5 positions due to the increased caseload associated with the opening of a new Juvenile Dependency Courtroom. Human Resources is increasing by 9 budgeted positions to address increased workload associated with employee relations, recruitment, negotiations, and certification. Fleet is adding 6 budgeted positions (3 regular and 3 limited term) to oversee new service centers within the department as well as to meet seasonal staffing needs. Information Services is increasing by 7 budgeted positions across the department's various budget units in order to respond to increased demand for infrastructure, enterprise server, desktop support, telecommunications, radio repair/installation and warehouse services.
- **Fiscal** – The Fiscal Group is increasing budgeted staffing by a total of 20 positions due to additions within the Assessor/Recorder/County Clerk (2) and Auditor-Controller/Treasurer/Tax Collector (18). The Assessor/Recorder/County Clerk is adding 2 limited term positions to enhance public assistance in the information booth at the Hall of Records and to assist with special projects to enhance Recording services. The Auditor-Controller is adding 18 new positions to increase efficiencies within the department in Central Collections, Information Technology, Tax Collection, Auditor and Disbursements. Eight of the new positions in Auditor-Controller are funded by an increase in ongoing Net County Cost in an effort to increase services levels in Accounts Payables, Internal Audits and Tax Collection.
- **Operations and Community Services** – The Operations and Community Services Group is increasing staffing by a net of 10 positions. Significant changes within this group include an increase within Registrar of Voters (36) and a decrease in Regional parks (27). Registrar of Voters is increasing budgeted staffing by 36 positions primarily due to the addition of 35 new limited term positions which are requested in an effort to reduce costly temporary help agency expenditures during peak workload seasons, saving the County over \$150,000 in 2015-16. Regional Parks is decreasing budgeted staffing by 27 positions. Of this total, 7 positions are being deleted at Mojave Narrows Regional Park. The result of this action is a reduction in the number of days per week (from 7 to 5) that the Park will be open to the public. The remaining decrease in budgeted staffing, which includes the deletion of 17 part-time or limited-term vacant positions, should have little or no impact on department operations.

Countywide staffing changes are outlined by County department in the following chart:



BUDGETED STAFFING SUMMARY

Department	2013-14 Final Budget	2014-15 Modified Budget	2015-16 Recommended Budget	Change Between 2014-15 & 2015-16
ADMINISTRATION				
<u>GENERAL FUND</u>				
BOARD OF SUPERVISORS	44	48	51	3
CLERK OF THE BOARD	15	14	13	(1)
COUNTY ADMINISTRATIVE OFFICE	17	17	17	-
COUNTY ADMINISTRATIVE OFFICE - AUTOMATED SYSTEMS DEVELOPMENT	-	-	12	12
COUNTY COUNSEL	85	86	91	5
FINANCE AND ADMINISTRATION	15	18	20	2
HUMAN RESOURCES	79	79	88	9
HUMAN RESOURCES - CENTER FOR EMPLOYEE HEALTH AND WELLNESS	12	12	12	-
INFORMATION SERVICES	100	13	15	2
PURCHASING	20	23	24	1
SUBTOTAL GENERAL FUND	387	310	343	33
<u>OTHER FUNDS</u>				
FLEET MANAGEMENT	87	87	93	6
HUMAN RESOURCES - COMMUTER SERVICES	3	3	3	-
HUMAN RESOURCES - EMPLOYEE BENEFITS AND SERVICES	30	31	31	-
INFORMATION SERVICES - APPLICATION DEVELOPMENT	-	87	88	1
INFORMATION SERVICES - COMPUTER OPERATIONS	117	120	122	2
INFORMATION SERVICES - TELECOMMUNICATIONS SERVICES	96	98	100	2
PURCHASING - PRINTING SERVICES	15	15	15	-
PURCHASING - SURPLUS PROPERTY AND STORAGE OPERATIONS	2	3	4	1
PURCHASING - MAIL/COURIER SERVICES	25	25	24	(1)
RISK MANAGEMENT - OPERATIONS	59	57	58	1
SUBTOTAL OTHER FUNDS	434	526	538	12
TOTAL ADMINISTRATION	821	836	881	45
ARROWHEAD REGIONAL MEDICAL CENTER				
<u>OTHER FUNDS</u>				
ARROWHEAD REGIONAL MEDICAL CENTER	3,621	3,696	3,699	3
TOTAL ARROWHEAD REGIONAL MEDICAL CENTER	3,621	3,696	3,699	3
ECONOMIC DEVELOPMENT AGENCY				
<u>GENERAL FUND</u>				
ECONOMIC DEVELOPMENT	13	10	11	1
<u>OTHER FUNDS</u>				
COMMUNITY DEVELOPMENT AND HOUSING	21	24	24	-
WORKFORCE DEVELOPMENT	104	105	106	1
SUBTOTAL OTHER FUNDS	125	129	130	1
TOTAL ECONOMIC DEVELOPMENT AGENCY	138	139	141	2



BUDGETED STAFFING SUMMARY

Department	2013-14 Final Budget	2014-15 Modified Budget	2015-16 Recommended Budget	Change Between 2014-15 & 2015-16
FISCAL				
<u>GENERAL FUND</u>				
ASSESSOR/RECORDER/COUNTY CLERK	222	222	224	2
AUDITOR-CONTROLLER/TREASURER/TAX COLLECTOR	295	297	315	18
SUBTOTAL GENERAL FUND	517	519	539	20
<u>OTHER FUNDS</u>				
ASSESSOR/RECORDER/COUNTY CLERK - SPECIAL REVENUE FUNDS	11	10	10	-
SUBTOTAL OTHER FUNDS	11	10	10	-
TOTAL FISCAL	528	529	549	20
HUMAN SERVICES				
<u>GENERAL FUND</u>				
AGING AND ADULT SERVICES - AGING PROGRAMS	43	38	39	1
AGING AND ADULT SERVICES - PUBLIC GUARDIAN - CONSERVATOR	19	19	21	2
CHILD SUPPORT SERVICES	434	431	428	(3)
HEALTH ADMINISTRATION	2	1	1	-
BEHAVIORAL HEALTH	564	513	563	50
BEHAVIORAL HEALTH - ALCOHOL AND DRUG	-	75	90	15
PUBLIC HEALTH	713	715	731	16
PUBLIC HEALTH - CALIFORNIA CHILDREN'S SERVICES	166	174	179	5
HUMAN SERVICES - ADMINISTRATIVE CLAIM	4,612	4,707	4,735	28
VETERANS AFFAIRS	22	22	22	-
SUBTOTAL GENERAL FUND	6,575	6,695	6,809	114
<u>OTHER FUNDS</u>				
HUMAN SERVICES - WRAPAROUND REINVESTMENT FUND	6	1	-	(1)
BEHAVIORAL HEALTH - MENTAL HEALTH SERVICE ACT	459	517	546	29
PRESCHOOL SERVICES	674	707	721	14
SUBTOTAL OTHER FUNDS	1,139	1,225	1,267	42
TOTAL HUMAN SERVICES	7,714	7,920	8,076	156
LAW AND JUSTICE				
<u>GENERAL FUND</u>				
DISTRICT ATTORNEY - CRIMINAL PROSECUTION	488	503	507	4
LAW AND JUSTICE GROUP ADMINISTRATION	1	1	1	-
PROBATION - ADMINISTRATION, CORRECTIONS & DETENTION	1,188	1,183	1,226	43
PROBATION - JUVENILE JUSTICE GRANT PROGRAM	39	39	47	8
PUBLIC DEFENDER	243	247	262	15
SHERIFF/CORONER/PUBLIC ADMINISTRATOR	1,686	1,698	1,696	(2)
SHERIFF - DETENTIONS	1,385	1,373	1,391	18
SHERIFF - LAW ENFORCEMENT CONTRACTS	573	578	577	(1)
SUBTOTAL GENERAL FUND	5,603	5,622	5,707	85
<u>OTHER FUNDS</u>				
SHERIFF/CORONER/PUBLIC ADMINISTRATOR - PUBLIC GATHERINGS	-	-	-	-
SUBTOTAL OTHER FUNDS	-	-	-	-
TOTAL LAW AND JUSTICE	5,603	5,622	5,707	85



BUDGETED STAFFING SUMMARY

Department	2013-14 Final Budget	2014-15 Modified Budget	2015-16 Recommended Budget	Change Between 2014-15 & 2015-16
OPERATIONS AND COMMUNITY SERVICES				
<u>GENERAL FUND</u>				
AGRICULTURE/WEIGHTS AND MEASURES	63	64	64	-
AIRPORTS	20	20	20	-
ARCHITECTURE AND ENGINEERING	21	22	22	-
COMMUNITY SERVICES GROUP	-	-	1	1
COUNTY MUSEUM	22	21	21	-
LAND USE SERVICES - ADMINISTRATION	37	36	38	2
LAND USE SERVICES - LAND DEVELOPMENT	8	8	8	-
LAND USE SERVICES - PLANNING	26	31	31	-
LAND USE SERVICES - BUILDING AND SAFETY	21	23	21	(2)
LAND USE SERVICES - CODE ENFORCEMENT	28	30	33	3
LAND USE SERVICES - FIRE HAZARD ABATEMENT	15	17	14	(3)
PUBLIC WORKS - SURVEYOR	25	25	22	(3)
REAL ESTATE SERVICES (RES)	23	26	24	(2)
RES - FACILITIES MANAGEMENT DIVISION	110	102	107	5
RES - UTILITIES	2	2	2	-
REGIONAL PARKS	252	232	205	(27)
REGISTRAR OF VOTERS	27	37	73	36
SUBTOTAL GENERAL FUND	700	696	706	10
<u>OTHER FUNDS</u>				
COUNTY LIBRARY	279	291	293	2
COUNTY MUSEUM - MUSEUM STORE	1	2	2	-
PUBLIC WORKS - TRANSPORTATION - ROAD OPERATIONS	345	341	339	(2)
PUBLIC WORKS - SOLID WASTE MANAGEMENT - OPERATIONS	82	83	86	3
REGIONAL PARKS - ENTERPRISE FUNDS	4	4	6	2
REGIONAL PARKS - SPECIAL REVENUE FUNDS	-	-	-	-
SUBTOTAL OTHER FUNDS	711	721	726	5
TOTAL OPERATIONS AND COMMUNITY SERVICES	1,411	1,417	1,432	15
TOTAL COUNTY DEPARTMENTS - GENERAL FUND	13,795	13,852	14,115	263
TOTAL COUNTY DEPARTMENTS - OTHER FUNDS	6,041	6,307	6,370	63
COUNTY DEPARTMENTS GRAND TOTAL	19,836	20,159	20,485	326
SPECIAL DISTRICTS AND OTHER AGENCIES				
<u>OTHER FUNDS</u>				
SPECIAL DISTRICTS DEPARTMENT	185	188	181	(7)
FIRE PROTECTION DISTRICT	871	911	873	(38)
FLOOD CONTROL DISTRICT	150	162	166	4
OTHER AGENCIES	40	46	50	4
SUBTOTAL OTHER FUNDS	1,246	1,307	1,270	(37)
TOTAL SPECIAL DISTRICTS AND OTHER AGENCIES	1,246	1,307	1,270	(37)
TOTAL ALL COUNTY ENTITIES	21,082	21,466	21,755	289



CAPITAL IMPROVEMENT PROGRAM

The County budget summary includes requirements for Capital Improvement Projects. Below find summary information on the types and costs of projects budgeted in 2015-16.

CAPITAL PROJECTS FUNDS SUMMARY

	Fund CJP	Fund CJV	Sub-Total	ARMC Capital Fund CJE	Total
Requirements					
Services and Supplies		522,425	522,425		522,425
Contributions to Non-Owned Projects			-		-
Land	2,201,300		2,201,300		2,201,300
Improvements to Land	15,483,506		15,483,506	1,022,268	16,505,774
Structures and Improvements	195,772,599	1,267,009	197,039,608	4,485,973	201,525,581
Salaries and Benefits Transfers Out	-		-		-
Fixed Assets Transfers Out	844,023		844,023		844,023
<i>Total Requirements</i>	214,301,428	1,789,434	216,090,862	5,508,241	221,599,103

Projects Administered by Architecture and Engineering

The Architecture and Engineering Department manages major county projects which include construction and rehabilitation of facilities, and repair projects. The 2015-16 budgets for these projects are summarized in the schedule above. The schedule above does not include operating transfers out or reimbursements as part of total requirements. Instead, the schedule represents total budgeted project costs.

Architecture and Engineering projects include \$216.1 million in projects managed through Capital Funds and \$5.5 million in projects managed through Arrowhead Regional Medical Center Enterprise Funds, for a total project budget of \$221.6 million. The appropriation for the additional projects administered by the Department of Public Works and other units are found within those Department's budget pages. These schedules do not include operating transfers out or reimbursements as part of total requirements. Instead, they represent total budgeted project costs.

In the 2015-16 Recommended Budget, \$67.6 million in new projects are funded primarily using County Discretionary General funding. Major projects include a one-time allocation of \$8.5 million and ongoing allocation of \$17.9 million for the 800 Megahertz (MHz) Upgrade Project, \$11.2 million for the County Buildings Acquisition and Retrofit Project, \$2.5 million for the Sheriff Training Center Lead Mitigation Project, \$1.7 million for the High Desert Detention Center (HDDC) Housing Unit 2 Heating, Ventilation and Air Conditioning (HVAC) Project, \$1.5 million to demolish the old Central Juvenile Hall buildings, and \$1.0 million for a new generator at the HDDC. In addition, the base budget for CIP of \$12.0 million includes funding for \$4.9 million of deferred maintenance at various County and Regional Park facilities; \$1.8 million for various roofing repair/replacement projects; \$1.2 million for HVAC upgrades and maintenance; \$0.9 million for site infrastructure such as sewer and water main repairs and replacements and generator replacements; \$0.9 million for Americans with Disabilities Act (ADA) improvements to improve accessibility and fire/life/safety projects as they occur during the year; \$0.9 million for exterior renovations; \$0.7 million for building system improvements such as elevators and boiler replacements; \$0.6 million for interior renovations and minor remodels; and \$.1 million for roadway and pavement rehabilitation.

Projects approved in prior years but not yet completed total an additional \$154.0 million. The major multi-year carryover projects are the 800 MHz Upgrade Project, the County Buildings Acquisition and Retrofit Project, the Sheriff's Crime Lab Expansion, and the Sheriff's Aviation Relocation from Rialto Airport to San Bernardino International Airport.



Projects Administered by Other County Departments

Transportation and Solid Waste projects are administered by the Department of Public Works. Requirements for these projects are accounted for in special revenue funds and budgeted in the respective department(s) budgets. Budgets for both the Transportation and Solid Waste departments are found in the Operations and Community Services section of this budget book. Total projects budgeted in 2015-16 (both new and carryover) for Transportation is \$46.2 million, and for Solid Waste is \$11.6 million. Transportation project types include major rehabilitation and overlay, surface chip and seal, and major infrastructure improvements. Solid Waste Management project types include closure construction, liner construction, land acquisition, and construction of landfill gas extraction systems.

The Department of Airports also administers Capital Improvement Projects which are budgeted in various special revenue funds and are included in the department's budget pages. For 2015-16, projects administered by Airports total \$0.3 million.

For a complete listing of capital improvement program highlights for projects administered by other county departments see the Capital Improvement Program Section of this budget book.

Projects Administered by Flood Control and Special Districts Department

The Flood Control District and the Special Districts Department have independent multi-year capital improvement project plans that are budgeted in special revenue funds, capital projects funds, and enterprise funds and included in the respective department's budget pages.

Flood Control, found in the Operations and Community Services section of this budget book, has twenty-three major improvement projects budgeted in 2015-16. Requirements for these projects (both new and carryover) total \$60.9 million and includes costs associated with right of way acquisition expenses, consultants for design or geotechnical services, labor and construction.

Special Districts Department capital projects are found in the Special Districts Department section of this budget book, in the Capital Improvement Program pages. A total of eighty-one projects are budgeted in 2015-16. Requirements for these projects (both new and carryover) total \$34.7 million. Projects include \$3.9 million for design and construction of Snowdrop Road in the Rancho Cucamonga area, and \$7.4 million for the design and construction of a new site for the relocation of the Big Bear Alpine Zoo.





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DISCRETIONARY GENERAL FUNDING AND RESTRICTED FUNDS

County General Fund operations of \$2.8 billion are funded with four major types of sources: countywide discretionary revenue (\$756.0 million), Proposition 172 revenue (\$164.8 million), 1991 and 2011 Realignment revenues (\$669.1 million), and departmental revenue (\$1.2 billion).

- Countywide discretionary revenue includes a variety of revenue sources that are not legally designated for a specific purpose or program. The majority of discretionary revenue is property related revenue, primarily property tax. Other revenue sources in this category include: sales and other taxes, net interest earnings, Countywide Cost Allocation Plan (COWCAP) revenue, which is a reimbursement for overhead/indirect costs incurred by the General Fund, property tax administration revenues, recording fees, other State and Federal aid, and other revenue. Additionally, the General Fund's available fund balance, use of reserves and operating transfers in, are other funding sources that may be allocated to General Fund departments in the same manner as countywide discretionary revenue.
- Proposition 172 revenue is a permanent extension of a half-cent Local Public Safety Sales Tax approved by California voters on November 2, 1993. Proceeds of this sales tax must be dedicated to public safety. Proposition 172 revenue is restricted and is used solely for funding the Sheriff/Coroner/Public Administrator, District Attorney, and Probation departments.
- 1991 Realignment revenue provides health and welfare funding. In 1991-92, the State approved the Health and Welfare Realignment Program that involved a shift of program responsibilities from the State to the County. This shift is funded through a corresponding shift of dedicated sales tax and vehicle license fee revenue. Realignment revenue is also restricted and used in funding mental health, social services and health programs within the County.
- 2011 Realignment revenue provides public safety, health, and welfare funding. In 2011-12, the State approved what has become known as AB 109 Public Safety Realignment. As part of this realignment, the State addressed prison over-crowding by shifting custodial responsibility of non-violent, non-sex, and non-sex-against-children ('Triple-Nons') offenders to local jails. In addition, the parole function of the State was delegated to county Probation departments. In conjunction with Public Safety Realignment, the State also shifted full financial burden of many social service and mental health programs. The County was responsible for delivery of these programs before realignment, but with the shift the State would no longer contribute a share of cost. While the State no longer shares in the cost, it has dedicated a portion of the State sales tax (1.0625%) revenue along with a portion of vehicle license fees for these realigned programs.
- Departmental revenue includes fees, service charges, and State and federal support for programs such as welfare, health care, and mental health.

County General Fund operations not funded by departmental revenue, Proposition 172 revenue, and/or Realignment revenue are funded by Net County Cost (or Discretionary General Funding). Net County Cost is funded by countywide discretionary revenue, which is primarily property tax revenue.

Any countywide discretionary revenue not distributed to departments through their Net County Cost allocation, if not transferred to other funds for specific projects/programs, is contributed to contingencies or reserves. Every year the County of San Bernardino has set aside a prudent dollar amount in contingencies and reserves for two purposes: 1) to ensure that the County can accommodate unforeseen increases in expenditures or reductions in revenues, or other extraordinary events, which would harm the fiscal health of the County; and 2) to be proactive by setting aside funds to meet future known obligations or to build reserves for large capital projects.

The following sections provide details of:

- The economic indicators that are factored into the County's fiscal plan.
- How economic indicators and other factors affect countywide discretionary revenue.
- How Discretionary General Funding (Net County Cost) has been allocated for the fiscal year.
- Information on General Fund contingencies and reserves.
- How economic indicators and other factors affect Proposition 172 revenue and Realignment revenue.

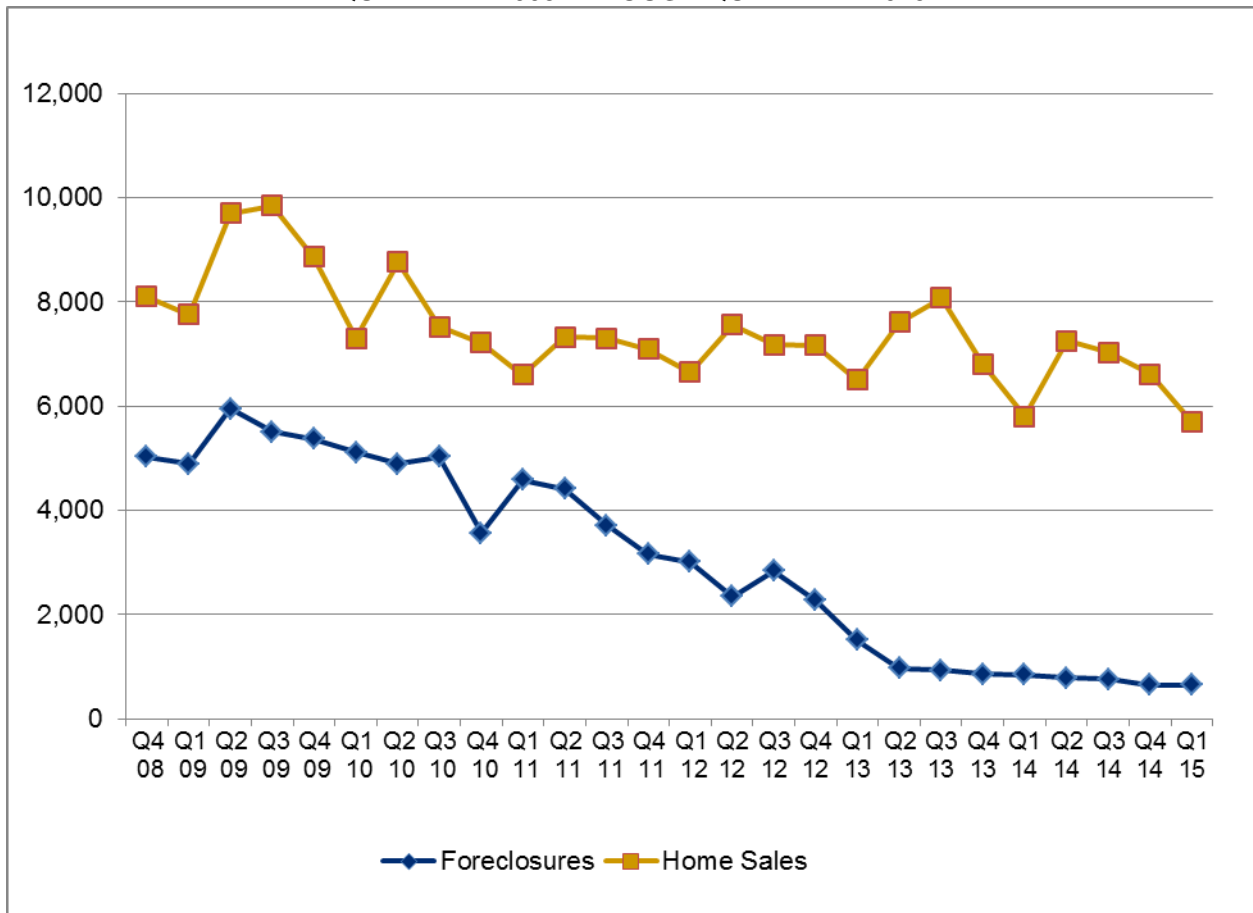


- The County Restricted General Fund – Automated Systems Development budget unit.

ECONOMIC INDICATORS

Property related revenue accounts for 65.0 percent of the County's discretionary revenue and other funding sources. These revenues were severely impacted by the mortgage and financial crisis, which also had a significant effect on the housing market within the County. During this crisis, home values plummeted while foreclosures and notices of default skyrocketed. Assessed valuation was negatively affected both by homes selling at prices lower than their current assessed valuation, and by Proposition 8 reassessments, which lowered valuations of properties (where no change in ownership has occurred) when the current assessed value of such property was greater than the fair market value of the property. However, as shown in the chart below, foreclosures, which at times outstripped home sales, have declined to pre-recession levels, from their peak of 7,899 experienced in the third quarter of 2008, down to 644 in the first quarter of 2015. In addition, as shown in the chart on the next page, the median home prices are rising.

**COUNTY OF SAN BERNARDINO
FORECLOSURES/HOME SALES BY QUARTER
QUARTER 4 2008 THROUGH QUARTER 1 2015**

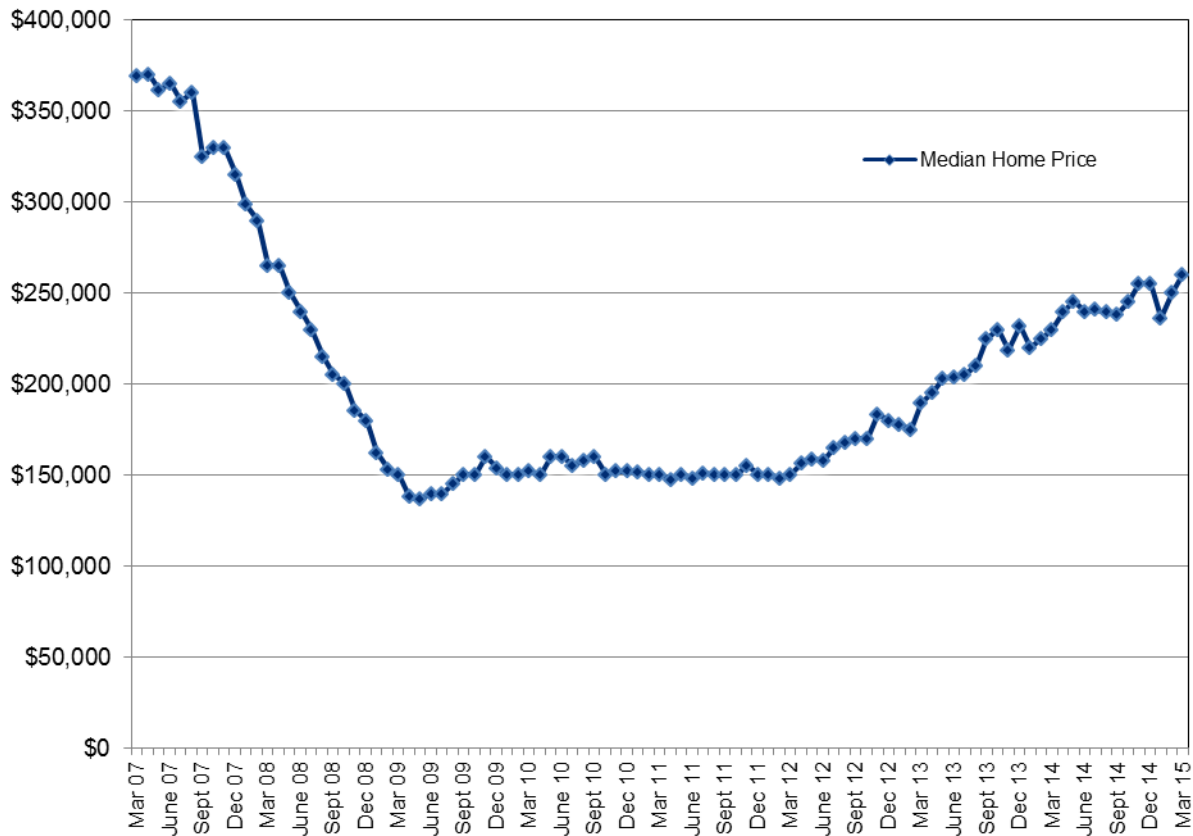


Source: County Assessor and CoreLogic/Dataquick



2014 foreclosures were down 28.7% from 2013, and for the first quarter of 2015 are down by 23.8%. 2014 Notices of Default were down by 15.7% from the prior year, and for the first quarter of 2015 are down 3.2%. As foreclosures decline, the County continues to see a rise in the median price of a home. The chart below shows the fluctuation in the median price over the past eight years. Prior to the steady increase that began in November of 2012, the median price had been stable at approximately \$150,000 for the 34 month period between September 2009 and June 2012. As of March 2015, the County's median home price has risen to \$260,000.

**COUNTY OF SAN BERNARDINO
MEDIAN HOME PRICE BY MONTH
MARCH 2007 THROUGH MARCH 2015**

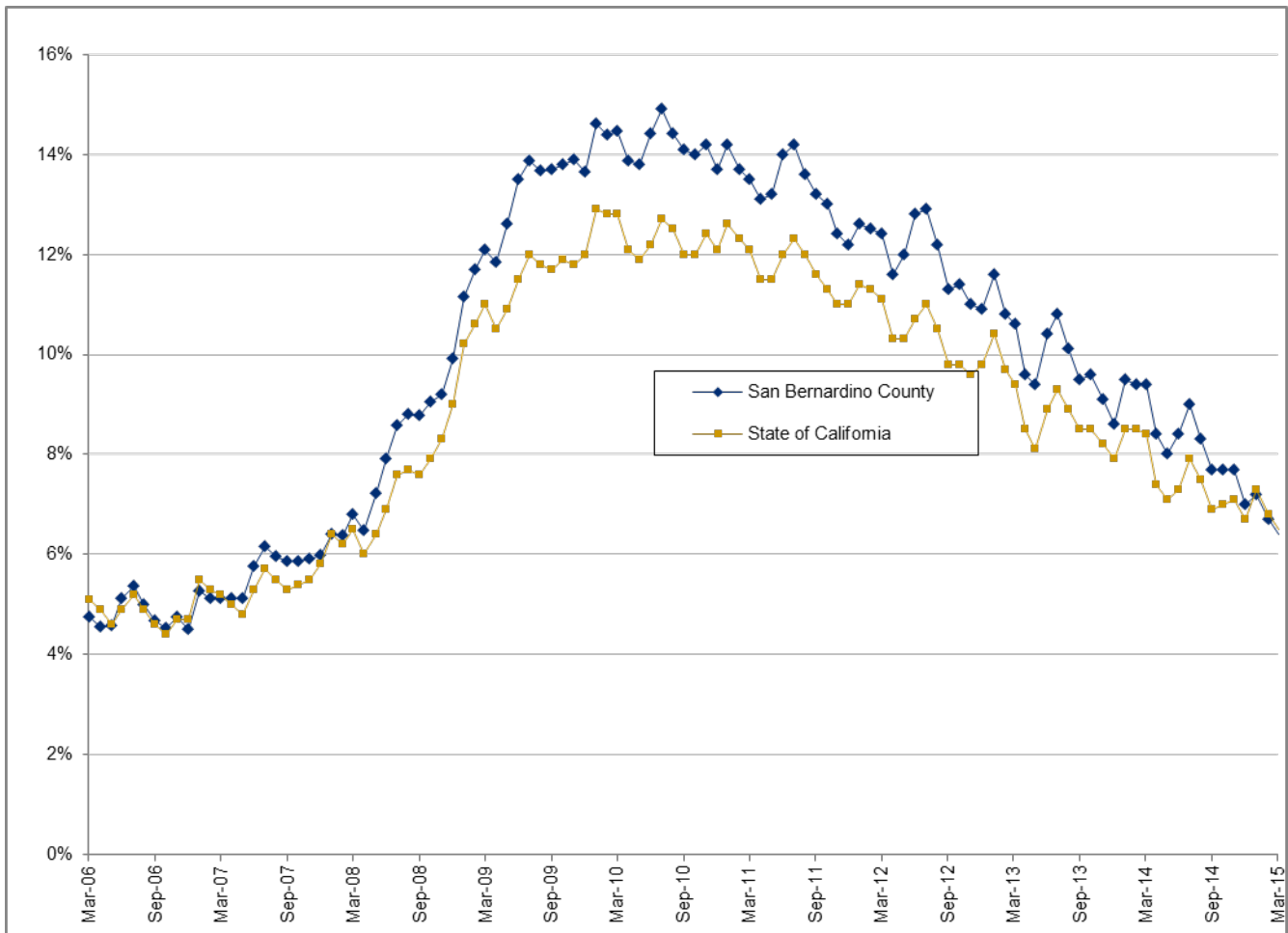


Source: CoreLogic/Dataquick



During the recession, in addition to the decline in property values, the loss of jobs in the county led to high levels of unemployment, as shown in the chart below. County unemployment reached 14.8% in July 2010. However conditions have improved. In 2014, 53,117 jobs were added, and total job gains since 2011 are 139,767, which is 97.8% of the 142,993 jobs lost during the recession. Job growth for 2015 is forecasted at 51,250, which, if achieved, will be the third consecutive year of growth exceeding 50,000 jobs. Unemployment has declined, returning to pre-recession levels at 6.4% as of March 2015, which compares to unemployment rates for the State and the Nation, which were 6.5% and 5.5%, respectively.

**COUNTY OF SAN BERNARDINO
UNEMPLOYMENT RATES
STATE OF CALIFORNIA AND SAN BERNARDINO COUNTY
MARCH 2006 THROUGH MARCH 2015**



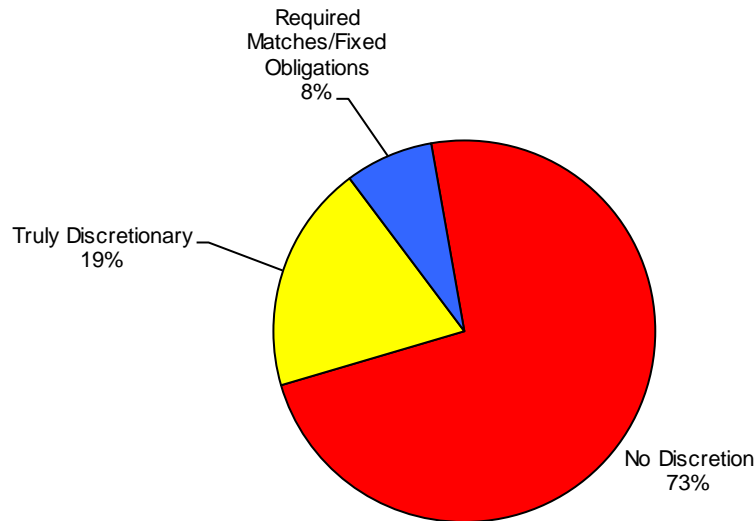
Source: State of California Employment Development Department



COUNTYWIDE DISCRETIONARY REVENUE

The entire General Fund budget including operating transfers in is \$2.8 billion, however, only \$0.55 billion (or 19.3%) is truly discretionary as seen in this pie chart.

2015-16 Recommended Budget General Fund Spending

**SPENDING WHERE THERE IS NO DISCRETION. INCLUDES:****2,065,254,331**

Welfare costs reimbursed by state and federal monies (\$1,059.4 million)

Other program costs funded by program revenues such as user fees (\$1,005.8 million)

REQUIRED HEALTH AND WELFARE MATCHES AND OTHER FIXED OBLIGATIONS:**210,882,751****SPENDING WHERE THERE IS DISCRETION. INCLUDES:****545,155,876**

Reserve Contributions (\$62.2 million)

Contingencies Contributions (\$23.4 million)

Law and justice program costs funded by local revenues (\$340.2 million)

All other program costs funded by local revenues (\$119.3 million)

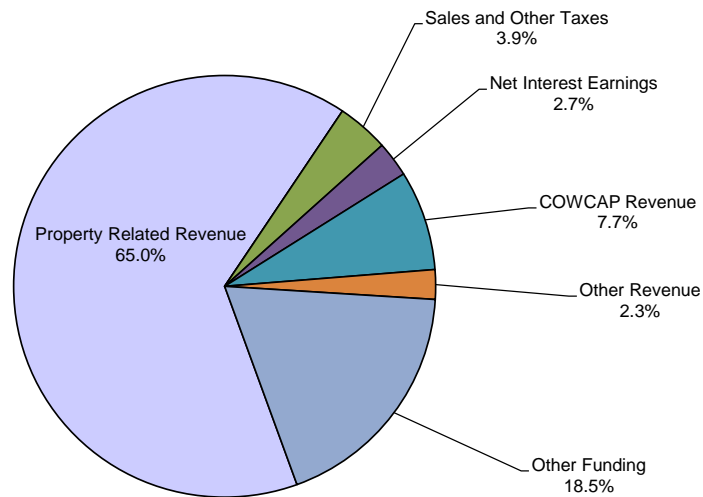
TOTAL: \$2,821,292,958

Countywide discretionary revenue is \$756,038,627 and is first obligated to pay for required health and welfare matches and other fixed obligations, which total \$210,882,751. The remaining amount of \$545,155,876 is truly discretionary and available to fund departmental budgets' Net County Cost or other expenditures.



Shown below are the sources of countywide discretionary revenue of \$756,038,627 for the 2015-16 Recommended Budget:

Discretionary Revenue by Category 2015-16 Recommended Budget



Other Revenue Includes: Property Tax Admin Revenue, Other State and Federal Aid, Recording Fee Revenue and Other Revenue.

Other Funding Includes: Fund Balance, Use of Reserves and Operating Transfers In.

Percentages may not add to 100% due to rounding.



COUNTYWIDE DISCRETIONARY REVENUE WHICH PAY FOR NET COUNTY COST

2015-16 Discretionary General Funding of \$756,038,627 includes Countywide Discretionary Revenue of \$616.5 million and Other Funding Sources of \$139.5 million. Per the County Fund Balance and Reserve Policy, the General Purpose Reserve will be built up with one-time sources until the target of 20% of locally funded appropriation is reached. The 2015-16 Recommended Budget includes a contribution of \$6,335,500 to the General Purpose Reserve (1% of locally funded appropriation) and brings the funding level to \$88,776,402, or 14.0% of locally funded appropriation. County policy also requires a minimum of 1.5% of locally funded appropriation be placed in General Fund Mandatory Contingencies, which is \$9,502,656 for 2015-16.

	2014-15 Adopted Budget	2014-15 Modified Budget	2014-15 Estimate	2015-16 Recommended Budget
Countywide Discretionary Revenue				
Property Related Revenue:				
Current Secured, Unsecured, Unitary	221,098,140	237,459,788	240,552,280	249,353,638
VLF/Property Tax Swap	215,356,359	220,869,138	220,869,138	227,495,213
Supplemental Property Tax	3,000,000	3,000,000	3,539,565	3,000,000
Property Transfer Tax	7,500,000	7,500,000	7,966,071	7,500,000
Penalty on Current Taxes	2,160,000	2,160,000	1,866,091	2,160,000
Prior Property Taxes, Penalties and Interest	1,690,000	1,690,000	2,028,925	1,690,000
Total Property Related Revenue	450,804,499	472,678,926	476,822,070	491,198,851
Sales and Other Taxes:				
Sales and Use Tax	20,245,138	20,245,138	21,864,474	21,561,071
Franchise Fees	5,950,000	5,950,000	6,453,120	5,950,000
Hotel/Motel Tax	1,500,000	1,500,000	2,074,216	1,500,000
Other Taxes	790,000	790,000	684,500	790,000
Total Sales and Other Taxes	28,485,138	28,485,138	31,076,310	29,801,071
Net Interest Earnings	20,550,000	18,496,227	18,040,007	20,550,000
COWCAP Revenue	57,921,243	57,921,243	57,921,243	57,921,243
Property Tax Admin Revenue	8,467,236	8,467,236	8,467,236	8,636,581
Recording Fee Revenue	3,500,000	3,500,000	2,874,466	2,850,000
State and Federal Aid	3,671,482	5,122,675	5,844,587	5,122,675
Other Revenue	430,000	430,000	2,975,483	430,000
Total Countywide Discretionary Revenue	573,829,598	595,101,445	604,021,402	616,510,421
Other Funding Sources				
Available Fund Balance, beginning	106,109,766	106,109,766	106,109,766	105,370,351
Fund Balance for Board Discretionary Fund Allocations	4,206,259	4,206,259	4,206,259	2,235,710
Use of Reserves	5,636,537	46,205,563	47,396,191	2,922,144
Operating Transfers In (One-Time)	5,700,000	5,700,000	5,700,000	12,000,000
Operating Transfers In (Ongoing)	21,100,000	21,100,000	21,100,000	17,000,000
Total Other Funding Sources	142,752,562	183,321,588	184,512,216	139,528,206
Total Countywide Discretionary Revenue and Other Funding Sources	716,582,160	778,423,033	788,533,618	756,038,627
Locally Funded Appropriation				
Total Countywide Discretionary Revenue	573,829,598	595,101,445	604,021,402	616,510,421
Operating Transfers In (Ongoing)	21,100,000	21,100,000	21,100,000	17,000,000
Locally Funded Appropriation	594,929,598	616,201,445	625,121,402	633,510,421



Countywide Discretionary Revenue

Property Related Revenue accounts for 65.0% of countywide discretionary revenue and other funding sources. These revenues were severely impacted as a result of the mortgage and financial crisis, which also had a significant effect on the housing market within the County. Assessed valuation was negatively affected both by homes selling at prices lower than their current assessed valuation, and by Proposition 8 reassessments, which lowered valuations of properties (where no change in ownership has occurred) when the current assessed value of such property was greater than the fair market value of the property. However, the median price of a home in the County has risen and the volume of home sales remains relatively stable. Rising home prices are also leading to value being added back to the assessment roll for valuations that had been reduced through Proposition 8 reassessments.

The 2015-16 Recommended Budget anticipates a 3.0% increase in the assessed valuation of properties within the County. The revenue from the assessed valuation is budgeted conservatively compared to the County Assessor's projection of 4.0%, to account for potential downward corrections to the assessment roll during the fiscal year.

Elimination of Redevelopment Agencies

A portion of the General Fund's property tax revenue is pass-through of property tax increment belonging to Redevelopment Agencies. Redevelopment Agencies were dissolved as of February 1, 2012, pursuant to ABx1 26. Pursuant to ABx1 26, revenues that would have been directed to the dissolved Redevelopment Agencies will continue to be used to make pass-through payments to other public agencies (i.e., payments that such entities would have received under prior law). In addition, the State projects that the elimination of Redevelopment Agencies will provide additional property tax revenue (residual) for local public agencies, including the County.

The Teeter Plan

The Teeter Plan is an alternate property tax distribution procedure authorized by the California Legislature in 1949, and implemented by the County in 1993-94. Generally, the Teeter Plan provides for a property tax distribution procedure by which secured roll taxes are distributed based on the tax levy, rather than on the basis of actual tax collections, for agencies that elect to participate in the Teeter Plan (including the County General Fund). Under the Teeter Plan, the County advances each participant an amount equal to the participant's Teeter Secured Levy (adjusted at year end for corrections to the assessment roll) that remains unpaid at the end of the fiscal year. In return, the County General Fund receives all future delinquent tax payments, penalties and interest. The County bears the risk of loss on the delinquent property taxes but benefits from the penalties and interest associated with these delinquent taxes when they are paid. Under the Teeter Plan, the County is also required to establish a tax loss reserve fund to cover losses that may occur as a result of sales of tax-defaulted properties.

The Teeter Secured Levy includes each participating agency's share of the 1% ad valorem secured levy, plus any ad valorem levy for the debt service of voter-approved general obligation bonds. Not included in the Teeter Secured Levy are supplemental roll revenues, special assessments, utility roll revenues, or property tax pass-through amounts from Redevelopment Agencies within the County (see 'Elimination of Redevelopment Agencies' above).

As a participant in the Teeter Plan, the County General Fund receives its entire share of its Teeter Secured Levy, regardless of delinquencies. The County General Fund also receives all participating agencies share of the penalties and interest associated with the delinquent taxes advanced under the Teeter Plan once they are paid. These interest and penalties, accounted for as interest earnings in countywide discretionary revenue, are projected to increase slightly in 2015-16.

The following paragraphs describe the components of property related revenue in detail:



Current Secured, Unsecured, Unitary

Secured Property Tax Revenue makes up approximately \$224.0 million of the \$249.4 million in the 2015-16 “Current Secured, Unsecured, Unitary” budgeted revenue number, up from \$212.6 million in the 2014-15 Modified Budget. This reflects a projected increase in assessed valuation of 3.0%. This number also includes a \$5.0 million increase in residual revenue related to the dissolution of Redevelopment Agencies pursuant to ABx1 26 and pass-through payments consistent with the legislation (see ‘Elimination of Redevelopment Agencies’ on the previous page).

VLF/Property Tax Swap

Historically, approximately three-fourths of Vehicle License Fee (VLF) revenue was allocated to cities and counties as general purpose funding. Beginning in 1998-99, the State reduced the VLF payment required from vehicle owners. However, the State made up the revenue impact of the VLF rate reductions with State general fund revenue (the ‘VLF Backfill’).

The VLF Backfill was eliminated in the 2004-05 State Budget. In that year, the VLF Backfill to cities and counties was permanently replaced with an equivalent increase in property tax revenues (VLF/Property Tax Swap revenues). This increase was funded by decreases in property tax revenues allocated to schools and community colleges.

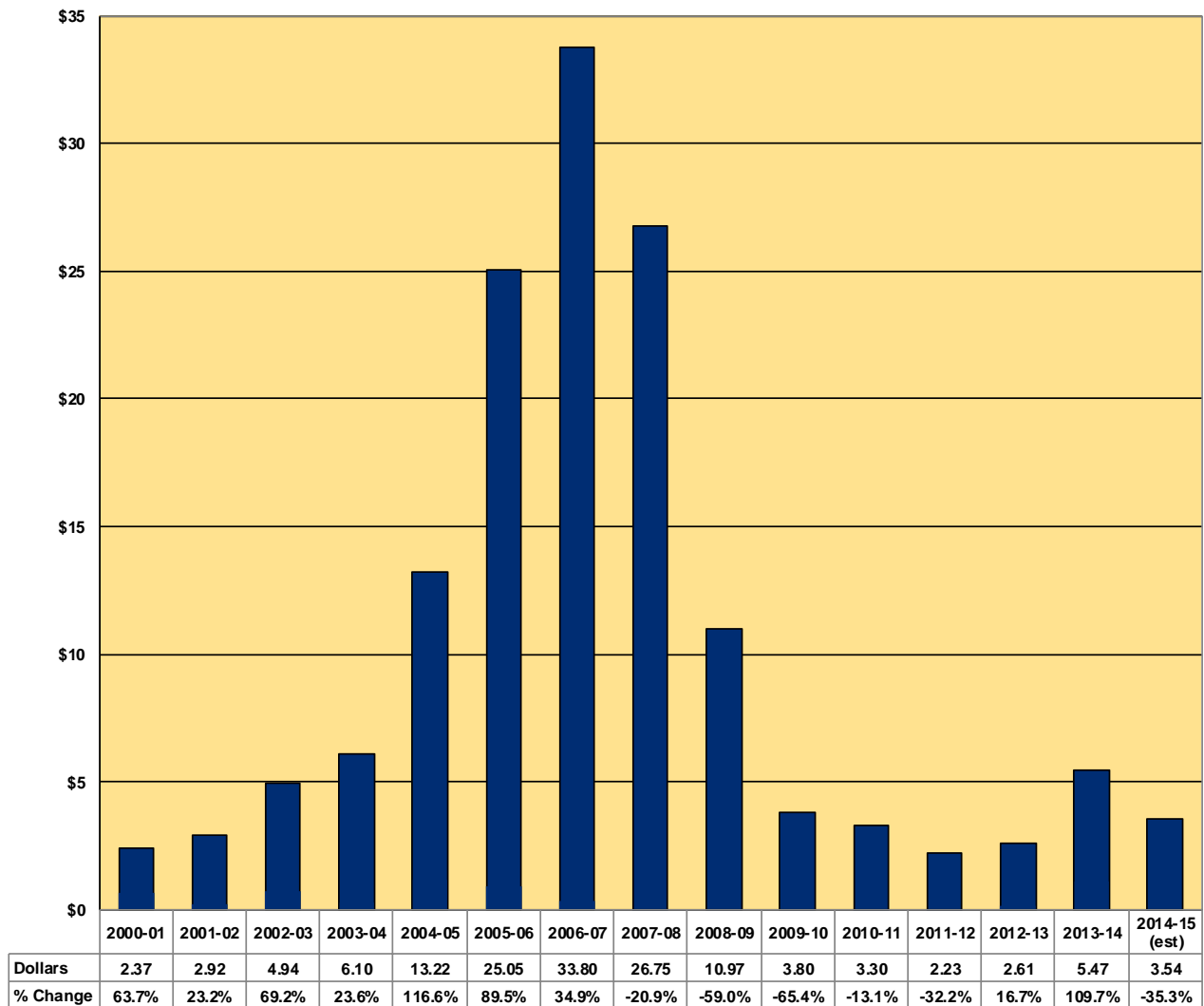
For 2004-05, the State established the base amount of the VLF/Property Tax Swap. The base is equal to the amount of VLF backfill that the counties and cities would have received in 2004-05, calculated using actual VLF receipt amounts for 2004-05. For years beginning in 2005-06, the VLF/Property Tax Swap amount is calculated using the prior year VLF/Property Tax Swap amount adjusted by the percent change in assessed valuation. This percent change includes both secured and unsecured assessed valuation, but excludes the change in unitary valuations. The 2015-16 budgeted amount reflects the projected increase in assessed valuation of 3.0% as compared to the 2014-15 Adopted Budget.

Supplemental Property Tax

Supplemental Property Tax payments are required from property owners when there is a change in the assessed valuation of their property after the property tax bill for that year has been issued. Generally, there are two types of events that will require a supplemental property tax payment: a change in ownership or the completion of new construction. As a result, when property values have been increasing and sales activity is high, there will be an increase in the number and dollar amount of supplemental property tax bills, which will result in increased supplemental property tax revenue to the County. Conversely, when home values are decreasing, refunds may be due to homeowners, and supplemental property tax revenues will decrease. Because the collection of these revenues may not occur for one to two years after the sale of the property, supplemental property tax revenue will generally lag the reality in the housing market by at least a year.



**SUPPLEMENTAL PROPERTY TAXES
FIFTEEN YEAR TREND
Total Dollars and Percent Change
(expressed in millions)**

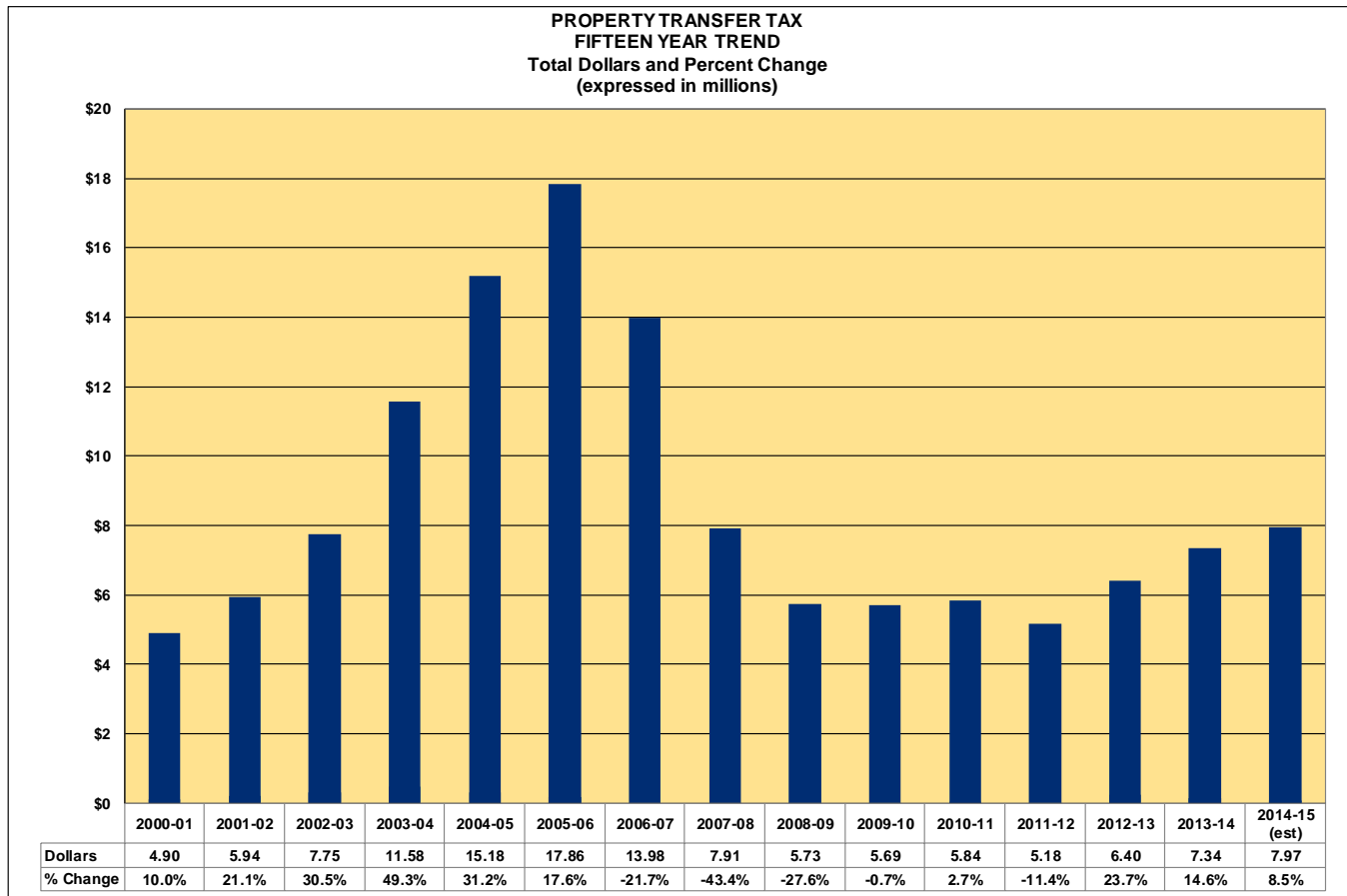


As shown in the chart above, supplemental property tax revenues have declined significantly since 2006-07 as a result of the collapse of the housing market. Supplemental revenue in 2012-13 showed the first year over year increase since 2006-07. The County projects the ongoing portion of these revenues to be \$3.0 million in 2015-16, consistent with 2014-15 estimated revenue.



Property Transfer Tax

The Property Transfer Tax is collected when any lands, tenements, or other realty sold within the County is granted, assigned, transferred, or otherwise conveyed to or vested in the purchaser. The tax is imposed when the value of the property exceeds \$100. The tax rate is \$0.55 for each \$500 of property value. For sales in the unincorporated areas of the County, the County receives 100% of the tax. For sales in cities, the County receives 50% of the tax. The County anticipates that property transfer tax will total \$7.5 million in 2015-16, consistent with 2014-15 estimated revenue. The following chart presents the most recent fifteen year trend of property transfer tax revenue.



Sales and Use Tax

Countywide discretionary revenue includes 1.0% of the 8.0% sales tax rate charged on purchases made in the unincorporated areas of the County. This 1.0% is made up of two components. The first is 0.75% of taxable sales remitted by businesses that collect sales tax. The second component is the Sales Tax/Property Tax Swap, also referred to as the Triple Flip, which represents 0.25% of taxable sales. Both of these components are explained in more detail below.

Sales and Use Tax Allocation of 0.75%

When preparing the annual budget, the County projects future sales tax revenue based on data provided by a local economist and the County's sales tax consultant. For 2015-16, Sales and Use Tax revenue is anticipated to increase by 6.5% over the prior year adopted budget amount.

2015-16 ongoing sales tax revenue in the unincorporated area is projected to total \$19.2 million (after adjusting for the Triple Flip). However, the County has budgeted only \$15.5 million for 2015-16. The sales tax revenue



projection of \$15.5 million excludes the portion of the County ongoing sales tax revenue remitted to the City of Redlands under the sales tax sharing agreement explained below:

Sales Tax Sharing Agreement with the City of Redlands: In August of 2003, the County entered into a sales tax sharing agreement with the City of Redlands. Under the terms of this agreement, the City of Redlands provides certain government services to an unincorporated area of the County, and in return the County pays the City a percentage of the sales tax revenue generated in that geographical area. This geographical area has numerous retail establishments and generates a considerable amount of sales tax revenue. Under the terms of the sales tax sharing agreement, the County currently pays the City of Redlands 90% of the County discretionary sales tax revenue generated in this area.

Sales Tax Risk – Potential Annexations and Incorporations: Based on recent estimates, approximately 29.9% of the County's discretionary sales tax revenue is generated in the unincorporated portion of the spheres of influence of the 24 cities that are within the County's boundaries. A sphere of influence is a 'planning boundary' within which a city or district is expected to grow over time. Therefore, the areas within these spheres are likely to be annexed, and once annexed, the discretionary sales tax revenue generated in that area will go to the city instead of the County. The County would also lose sales tax revenue if a community in the unincorporated area of the County decided to create a new city (incorporate).

Sales Tax/Property Tax Swap of 0.25%

Effective with the fiscal year that began on July 1, 2004, the State changed the way sales tax revenue is distributed to counties and cities. Previously, counties and cities received 1.0% of the State's base sales tax rate. Pursuant to new provisions enacted by the legislature, this 1.0% share of sales tax was reduced by 0.25%, to 0.75%. The additional 0.25% in sales tax revenue was redirected to the State to be used to fund debt service on the California Economic Recovery Bonds, which were approved by voters as Proposition 57. In return, counties and cities receive additional property tax revenue (funded by reducing the schools' share of property tax revenue) in an amount equal to the 0.25% sales tax revenues forgone. The State General Fund then makes up the loss of property tax revenue to the schools. This change is referred to as the 'Triple Flip'. The Triple Flip will continue until the California Economic Recovery Bonds are paid. Once the bonds are paid, and the Triple Flip is discontinued, the County's share of the base sales tax rate will return to 1.0%. The bonds are currently scheduled to mature on July 1, 2023.

The Triple Flip was designed to replace sales tax revenue on a dollar for dollar basis with property tax revenue. In practice, the additional property tax revenue paid to the counties and cities each year is based on an estimate of the agencies' sales tax revenue for the year plus a 'true-up' from the prior year. This true-up represents the difference between the additional property tax revenue paid to the local agency and the actual amount of sales tax revenue (the 0.25%) lost by the local agency.

For 2015-16, the County anticipates \$6.1 million in Triple Flip revenue which includes an estimated \$0.4 million in true-up from the prior year.

Both components of discretionary sales tax revenue (Sales and Use Tax Allocation of 0.75%, and Sales Tax/Property Tax Swap) are combined and reported together as Sales and Use Tax in the Countywide Discretionary Revenue Which Pay for Net County Cost chart found earlier in this section. For 2015-16, a combined total of \$21.6 million is budgeted for Sales and Use Tax, \$15.5 million for the 0.75% Allocation and \$6.1 million of Sales Tax/Property Tax Swap revenue.

Not included in budgeted sales and use tax revenue is \$3.5 million of one-time use tax revenue estimated to be generated from major construction projects in the unincorporated areas of the County. This revenue would normally be distributed to the County, and cities within the County, based on their percent share of countywide sales tax revenue. However, due to the efforts of the Economic Development Department working with companies doing this construction, 100% of this revenue will be allocated to the County. Because this revenue is one-time in nature, it is budgeted as Operating Transfers In (one-time) instead of sales and use tax revenue.



Net Interest Earnings

Net interest earnings for 2015-16 are projected at \$20.6 million and anticipated to remain flat when compared to the 2014-15 Adopted Budget amount as there are no material changes to projected cash balances or penalties and interest earned from the Teeter program. For more information see the section titled 'The Teeter Plan' found earlier in this section.

COWCAP (Countywide Cost Allocation Plan) Revenue

The budgeted COWCAP Revenue amount reflects the recovered allowable costs included in the 2015-16 Countywide Cost Allocation Plan (COWCAP) published by the Auditor-Controller/Treasurer/Tax Collector. COWCAP revenue is reimbursement for overhead/indirect costs incurred by the General Fund. Reimbursements are received from various State and federal grant programs (that permit such reimbursement) and General Fund departments and taxing entities such as the County Library and Board-governed Special Districts. The County anticipates COWCAP revenue to remain flat to the prior year's budget based on information provided by the Auditor-Controller/Treasurer/Tax Collector.

Property Tax Administration Revenue

Property tax administration revenue consists of:

- SB 813 cost reimbursement, which represents allowable charges for administration and operation of the supplemental property tax program. This reimbursement is tied directly to the performance of supplemental property tax revenue.
- The property tax administrative fee, which is allowed by the legislature, recovers a portion of the County's cost of the property assessment and tax collection process from certain other local jurisdictions. This revenue is tied directly to the cost of that collection effort. School Districts are not required to pay their share of this fee, so not all County costs are recovered.

The 2015-16 recommended budget anticipates revenue to be relatively flat compared to 2014-15 estimated revenue as there are no anticipated changes to supplemental property tax revenues and no material change in the County's cost to provide property tax assessment and collection services.

Recording Fee Revenue

The Recorder's Division of the County's Assessor/Recorder/County Clerk's Office collects certain fees for the official recording of documents. With the drop off of investor sales and foreclosures, Recording Fees are expected decline slightly consistent with the 2014-15 estimate.

State and Federal Aid

State and federal aid consists of a payment from the welfare realignment trust fund, which replaced the State revenue stabilization program, SB90 reimbursements from the State, and excess Vehicle License Fee (VLF) revenue. It also includes revenues received from the federal government's Payment in Lieu of Taxes (PILT) program. The Emergency Economic Stabilization Act of 2008 (Public Law 110-343) was enacted on October 3, 2008 and authorized full funding for the PILT program from 2008 through 2012, which generated approximately \$1.0 million in additional PILT revenue annually. Although scheduled to end in 2012, the full funding level for PILT was extended through federal fiscal year 2014 (October 1, 2013 to September 30, 2014). It is anticipated that this revenue will remain flat as compared to 2015-16 actuals as there are no changes anticipated to the related programs in 2015-16.

Other Revenue

Other revenue includes voided warrants issued by the County, projected transfers of unclaimed property tax refunds to the General Fund, the county share of vehicle code violation revenue, and other miscellaneous revenues.



Other Funding Sources

Fund Balance

The 2014-15 estimated year-end fund balance for the General Fund is \$105.4 million. This reflects fund balance that is available for appropriation. Anticipated fund balance is a result of unspent General Fund contingencies, departmental cost savings, and additional revenue.

Use of Reserves

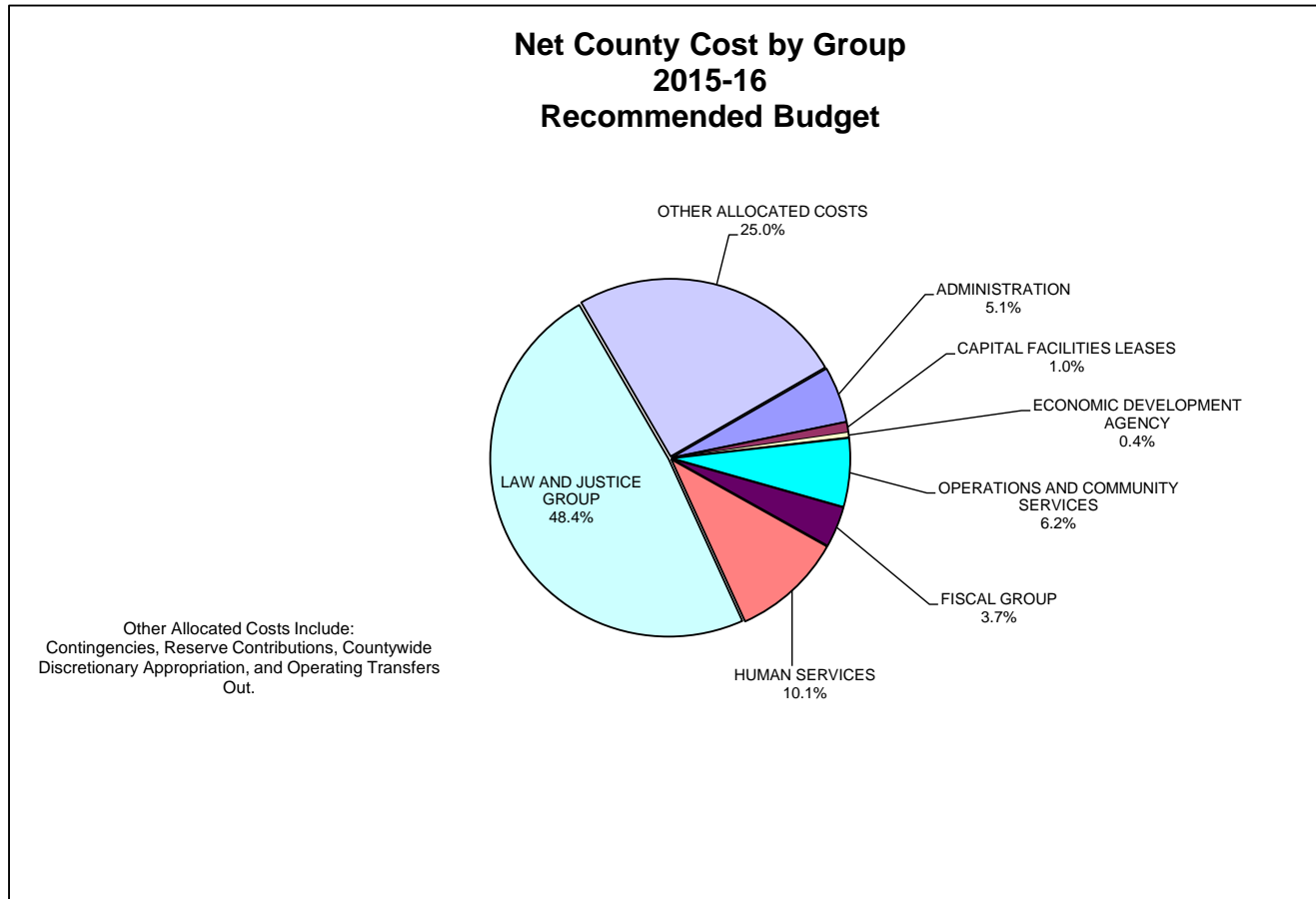
The 2015-16 Recommended Budget anticipates the use of \$2.9 million of General Fund reserves which includes funding for the General Plan Update, the Permit System upgrade, the Rimforest Drainage project, and the discontinuance of the CalFresh MOE waiver.

Operating Transfers In

Operating transfers in include \$17.0 million of ongoing tobacco settlement funds which primarily fund a portion of the annual debt service on the Arrowhead Regional Medical Center, and ongoing funding for Public Health. One-time operating transfers in include \$8.5 million from County Fire for the 800 MHz project and \$3.5 million of estimated one-time sales tax revenue discussed in the section titled 'Sales and Use Tax'.



Countywide discretionary revenue is allocated as Net County Cost to various General Fund departments within the County. The pie chart below shows what percentage of the Net County Cost is allocated to each of the groups.



Percentages may not add to 100% due to rounding.

The schedule on the following page shows a comparison of 2014-15 modified Net County Cost and 2015-16 recommended Net County Cost by department. This schedule also includes requirements and sources, including operating transfers, which are mechanisms to move funding between the various county budget units. Operating transfers are presented in the following chart because the intended purpose is to provide a complete picture of the department's requirements and sources.



Department Title	2014-15 Modified Budget:			2015-16 Recommended Budget:		
	Requirements	Sources	Net County Cost	Requirements	Sources	Net County Cost
BOARD OF SUPERVISORS (ALL DISTRICTS)	7,335,106	-	7,335,106	7,663,942	-	7,663,942
CLERK OF THE BOARD	2,272,765	248,293	2,024,472	2,104,475	236,172	1,868,303
COUNTY ADMINISTRATIVE OFFICE	4,581,242	-	4,581,242	4,933,719	-	4,933,719
COUNTY ADMINISTRATIVE OFFICE - LITIGATION	392,599	-	392,599	393,868	-	393,868
COUNTY COUNSEL	8,990,152	5,713,350	3,276,802	8,499,243	5,467,467	3,031,776
FINANCE AND ADMINISTRATION	2,931,480	-	2,931,480	3,048,110	-	3,048,110
HUMAN RESOURCES	7,770,200	780,623	6,989,577	6,987,076	749,563	6,237,513
HUMAN RESOURCES - UNEMPLOYMENT INSURANCE	4,000,500	-	4,000,500	4,000,500	-	4,000,500
HUMAN RESOURCES - EMPLOYEE HEALTH AND WELLNESS	2,152,634	2,152,634	-	1,985,423	1,985,423	-
INFORMATION SERVICES - APPLICATION DEVELOPMENT	2,379,118	216,872	2,162,246	2,387,498	216,872	2,170,626
PURCHASING	2,129,477	590,504	1,538,973	2,362,435	639,951	1,722,484
LOCAL AGENCY FORMATION COMMISSION	288,274	-	288,274	294,039	-	294,039
COUNTY SCHOOLS	3,270,620	-	3,270,620	3,139,352	-	3,139,352
ADMINISTRATION SUBTOTAL:	48,494,167	9,702,276	38,791,891	47,799,680	9,295,448	38,504,232
CAPITAL FACILITIES LEASES	13,016,519	-	13,016,519	12,940,810	5,700,000	7,240,810
CAPITAL FACILITIES LEASES SUBTOTAL:	13,016,519	-	13,016,519	12,940,810	5,700,000	7,240,810
ECONOMIC DEVELOPMENT	3,577,538	155,000	3,422,538	3,513,630	155,000	3,358,630
ECONOMIC DEVELOPMENT AGENCY SUBTOTAL:	3,577,538	155,000	3,422,538	3,513,630	155,000	3,358,630
ASSESSOR/RECORDER/COUNTY CLERK	23,132,559	7,145,500	15,987,059	23,385,365	6,961,500	16,423,865
AUDITOR-CONTROLLER/TREASURER/TAX COLLECTOR	37,477,620	26,603,327	10,874,293	39,324,296	27,581,097	11,743,199
FISCAL SUBTOTAL:	60,610,179	33,748,827	26,861,352	62,709,661	34,542,597	28,167,064
HEALTH ADMINISTRATION	120,730,613	105,730,613	15,000,000	120,279,015	105,279,015	15,000,000
BEHAVIORAL HEALTH	172,458,799	170,466,588	1,992,211	185,423,229	183,431,018	1,992,211
PUBLIC HEALTH	81,195,979	76,846,574	4,349,405	83,381,075	79,000,080	4,380,995
PUBLIC HEALTH - CALIFORNIA CHILDREN'S SERVICES	21,359,774	16,673,628	4,686,146	21,778,580	17,092,434	4,686,146
PUBLIC HEALTH - INDIGENT AMBULANCE	472,501	-	472,501	472,501	-	472,501
AGING AND ADULT SERVICES	9,709,105	9,709,105	-	9,373,472	9,373,472	-
AGING AND ADULT SERVICES - PUBLIC GUARDIAN-CONSERVATOR	828,590	202,951	625,639	1,115,851	230,513	885,338
CHILD SUPPORT SERVICES	40,039,593	40,039,593	-	39,988,504	39,988,504	-
HUMAN SERVICES - ADMINISTRATIVE CLAIM	517,453,192	503,139,907	14,313,285	544,925,782	528,187,504	16,738,278
DOMESTIC VIOLENCE/CHILD ABUSE SERVICES	531,812	531,812	-	531,812	531,812	-
ENTITLEMENT PAYMENTS (CHILDCARE)	26,360,535	26,360,535	-	26,477,701	26,477,701	-
OUT-OF-HOME CHILD CARE	860,566	-	860,566	960,566	-	960,566
AID TO ADOPTIVE CHILDREN	59,208,232	57,158,712	2,049,520	63,612,155	61,562,635	2,049,520
AFDC - FOSTER CARE	123,588,480	106,173,073	17,415,407	133,044,207	114,470,799	18,573,408
REFUGEE CASH ASSISTANCE	91,197	81,197	10,000	125,000	125,000	-
CASH ASSISTANCE FOR IMMIGRANTS	2,121,954	2,121,954	-	2,521,954	2,521,954	-
CALWORKS - ALL OTHER FAMILIES	261,137,220	255,689,925	5,447,295	258,658,750	253,267,251	5,391,499
KINSHIP GUARDIANSHIP ASSISTANCE PROGRAM	9,341,496	8,300,659	1,040,837	10,559,739	9,434,054	1,125,685
SERIOUSLY EMOTIONALLY DISTURBED	-	-	-	-	-	-
CALWORKS - 2 PARENT FAMILIES	45,900,248	44,857,681	1,042,567	45,949,621	44,905,012	1,044,609
AID TO INDIGENTS (GENERAL RELIEF)	1,401,197	370,000	1,031,197	1,571,708	198,000	1,373,708
VETERANS AFFAIRS	2,280,234	827,139	1,453,095	2,167,009	642,500	1,524,509
HUMAN SERVICES SUBTOTAL:	1,497,071,317	1,425,281,646	71,789,671	1,552,918,231	1,476,719,258	76,198,973
COUNTY TRIAL COURTS - DRUG COURT PROGRAMS	46,971	46,971	-	-	-	-
COUNTY TRIAL COURTS - GRAND JURY	429,069	-	429,069	453,461	-	453,461
COUNTY TRIAL COURTS - INDIGENT DEFENSE PROGRAM	10,046,137	32,000	10,014,137	10,369,383	32,000	10,337,383
COUNTY TRIAL COURTS - COURT FACILITIES/JUDICIAL BENEFITS	1,211,889	-	1,211,889	1,211,897	-	1,211,897
COUNTY TRIAL COURTS - COURT FACILITIES PAYMENTS	2,536,349	-	2,536,349	2,676,349	-	2,676,349
COUNTY TRIAL COURTS - FUNDING OF MAINTENANCE OF EFFORT	25,509,703	14,182,000	11,327,703	25,509,881	14,182,000	11,327,881
DISTRICT ATTORNEY - CRIMINAL PROSECUTION	66,822,492	35,174,829	31,647,663	69,644,317	37,441,867	32,202,450
LAW & JUSTICE GROUP ADMINISTRATION	90,208	90,208	-	90,208	90,208	-
PROBATION - ADMINISTRATION, CORRECTIONS AND DETENTION	159,677,234	86,329,080	73,348,154	146,321,121	71,809,445	74,511,676
PROBATION - JUVENILE JUSTICE GRANT PROGRAM	-	-	-	-	-	-
PUBLIC DEFENDER	35,991,965	3,783,518	32,208,447	38,296,378	4,219,996	34,076,382
SHERIFF/CORONER/PUBLIC ADMINISTRATOR	218,176,681	157,215,688	60,960,993	224,351,828	158,908,696	65,443,132
SHERIFF - DETENTIONS	176,371,275	47,476,686	128,894,589	190,539,471	56,534,052	134,005,419
SHERIFF - CONTRACTS	128,971,801	128,780,316	191,485	135,283,154	135,283,154	-
LAW AND JUSTICE SUBTOTAL:	825,881,774	473,111,296	352,770,478	844,747,448	478,501,418	366,246,030
AGRICULTURE/WEIGHTS AND MEASURES	7,147,621	5,717,567	1,430,054	6,918,980	5,542,860	1,376,120
AIRPORTS	2,810,030	2,810,030	-	2,958,485	2,958,485	-
ARCHITECTURE AND ENGINEERING	-	-	-	-	-	-
COMMUNITY SERVICES GROUP - ADMIN	-	-	-	270,000	-	270,000
COUNTY MUSEUM	3,458,460	571,514	2,886,946	3,252,267	320,150	2,932,117
LAND USE SERVICES - ADMINISTRATION	2,238,506	-	2,238,506	772,625	-	772,625
LAND USE SERVICES - PLANNING	9,999,527	3,687,107	6,312,420	7,794,736	3,146,034	4,648,702
LAND USE SERVICES - LAND DEVELOPMENT	1,216,517	548,398	668,119	1,013,282	384,810	628,472
LAND USE SERVICES - BUILDING AND SAFETY	5,566,836	5,061,075	505,761	4,865,458	4,308,719	556,739
LAND USE SERVICES - CODE ENFORCEMENT	5,782,623	858,000	4,924,623	5,969,552	755,500	5,214,052
LAND USE SERVICES - FIRE HAZARD ABATEMENT	2,552,699	2,303,869	248,830	2,535,360	2,255,165	280,195
PUBLIC WORKS-SURVEYOR	3,405,098	2,840,652	564,446	3,243,549	2,502,675	740,874
REAL ESTATE SERVICES (RES)	1,164,639	1,164,639	-	1,237,791	1,237,791	-
RES - FACILITIES MANAGEMENT	14,249,231	13,636,172	613,059	15,915,558	15,707,558	208,000
RES - UTILITIES	20,372,321	283,329	20,088,992	20,893,815	347,495	20,546,320
RES - RENTS AND LEASES	1,008,033	1,008,033	-	943,284	943,284	-
RES - COURTS PROPERTY MANAGEMENT	2,292,520	2,292,520	-	2,064,941	2,064,941	-
REGIONAL PARKS	11,369,706	7,906,571	3,463,135	10,216,598	8,112,420	2,104,178
REGISTRAR OF VOTERS	8,502,181	1,869,240	6,632,941	9,205,388	2,252,723	6,952,665
OPERATIONS AND COMMUNITY SERVICES SUBTOTAL:	103,136,548	52,558,716	50,577,832	100,071,669	52,840,610	47,231,059
GENERAL FUND DEPARTMENT SUBTOTAL:	2,551,788,042	1,994,557,761	557,230,281	2,624,701,129	2,057,754,331	566,946,798
CONTINGENCIES	92,220,301	-	92,220,301	32,922,212	-	32,922,212
RESERVE CONTRIBUTIONS	49,689,395	-	49,689,395	68,515,086	-	68,515,086
BOARD DISCRETIONARY FUND	4,206,259	-	4,206,259	2,235,710	-	2,235,710
NON DEPARTMENTAL APPROPRIATION	9,553,773	9,553,773	-	7,500,000	7,500,000	-
OPERATING TRANSFERS OUT	75,076,797	-	75,076,797	85,418,821	-	85,418,821
TOTAL COUNTYWIDE ALLOCATED COSTS:	230,746,525	9,553,773	221,192,752	196,591,829	7,500,000	189,091,829
GRAND TOTAL:	2,782,534,567	2,004,111,534	778,423,033	2,821,292,958	2,065,254,331	756,038,627

NOTE: Total countywide allocated costs on this schedule includes appropriation for Non Departmental budget unit. This appropriation is offset in the countywide discretionary revenue schedule on the net interest earnings line.



APPROPRIATION**NON-DEPARTMENTAL BUDGET UNIT**

The non-departmental budget unit includes discretionary revenue of the General Fund that is detailed in the table titled 'Countywide Discretionary Revenue Which Pay for Net County Cost' found earlier in this section of the budget book.

	2014-15 Adopted Budget	2014-15 Modified Budget	2014-15 Estimate	2015-16 Recommended Budget
Services & Supplies	1,000,000	1,000,000	425,333	1,000,000
Other Charges	6,500,000	8,553,773	3,031,461	6,500,000
Total Expenditure Authority	7,500,000	9,553,773	3,456,794	7,500,000

Non-departmental appropriation pays for countywide expenditures not allocable to a specific department, and interest expense on the County's annual Tax and Revenue Anticipation Notes. The net interest earnings revenue reported in the table titled 'Countywide Discretionary Revenue Which Pay for Net County Cost' is reduced by these expenditures.

In 2014-15, a mid-year increase of \$2.1 million was appropriated to pay the one-time cost of the Property Tax Administration Fee (PTAF) litigation. This litigation was initiated by forty-three cities who sued Los Angeles County over the portion of PTAF fees calculated on the State revenue exchanges known as the Triple Flip and Vehicle License Fee (VLF)/Property Tax Swap. All California counties had included the Triple Flip and VLF/Property Tax Swap in the base for the calculation of the cities' share of this fee. The Court ruled in favor of the cities.

In addition to expenditures, this budget unit also includes operating transfers out which are transfers of cash to fund programs accounted for outside of the General Fund.



OPERATING TRANSFERS OUT

	2014-15 Adopted Budget	2014-15 Modified Budget	2014-15 Estimate	2015-16 Recommended Budget
One-Time				
ARMC Detainee Monitoring Facilities	100,000	100,000	100,000	-
Capital Improvement Fund				-
401 Arrowhead Building HVAC				400,000
Civil Liabilities Remodel				180,000
County Buildings and Acquisition Retrofit Project		4,000,000	4,000,000	11,200,000
Demolition of Old Cental Juvenile Hall Building				1,500,000
Fleet Management/Public Works Pavement Rehab	1,398,564	1,804,010	1,804,010	-
Glen Helen Rehabilitation Center Shower Remodel - Phase II				406,600
High Desert Detention Center Generator				1,000,000
High Desert Detention Center Housing Unit 2 HVAC				1,700,000
Rancho Court Remodel - District Attorney/Public Defender		1,470,000	1,470,000	-
Sheriff Training Center Lead Mitigation Phase II				2,470,000
Sheriff's Narcotics Relocation		5,000,000	5,000,000	-
Update Valley Public Safety Operations Center (PSOC) Needs Assessment				200,000
Yucca Valley - Station 41 Room Addition				560,928
800 MHz Project				8,500,000
Community Development and Housing - RDA Dissolution				150,000
County Fire Memorandum of Understanding Incentive Pay		1,405,887	1,405,887	-
County Fire Reserve Reduction				(12,820,000)
Flood Control District - Rimforest Drainage Project				874,098
Home Ownership Protection Program	200,000	200,000	200,000	-
Joshua Tree Sidewalks and Signage	75,000	75,000	75,000	-
Lucerne Valley CSA Park Improvements	70,000	70,000	70,000	-
Public Works - Transportation Projects	5,580,320	5,689,005	5,689,005	6,432,500
Special Districts Drought/Water Supply	1,100,000	1,100,000	1,100,000	-
Ongoing				
Aging and Adult Services	1,057,620	1,057,620	1,057,620	1,057,620
Capital Improvement Fund - Annual Allocation	12,000,000	12,000,000	12,000,000	12,000,000
800 MHz Project	20,000,000	20,000,000	20,000,000	17,881,452
General Fund Subsidy to County Fire Protection District				
Operations	-	-	-	461,429
Office of Emergency Services	1,601,228	1,601,228	1,601,228	1,901,228
North Desert Zone	6,772,984	6,772,984	6,792,548	7,976,378
South Desert Zone	3,228,163	3,228,163	3,228,163	3,455,077
Valley Zone	3,432,722	3,432,722	3,432,722	2,349,499
Mountain Zone	45,281	45,281	45,281	-
Equipment Purchases	2,719,564	2,719,564	2,719,564	3,774,879
Emergency Fuel	162,848	162,848	162,848	162,848
Court Settlement POB Payment	300,000	592,485	592,485	300,000
County Successor Agency to fund Sales Tax Sharing Agreement	250,000	250,000	162,593	250,000
Flood Control District Stormwater Permit	1,300,000	1,300,000	1,300,000	1,300,000
Public Works - PCI Road Maintenance	-	-	-	8,794,285
Special Districts - Water/Wastewater System for Regional Parks	1,000,000	1,000,000	1,000,000	1,000,000
Total Operating Transfers Out	62,394,294	75,076,797	75,008,954	85,418,821



CONTINGENCIES

The County Contingencies includes the following elements:

Contingencies

Mandatory Contingencies

Board Policy requires the County to maintain an appropriated contingency fund to accommodate unanticipated operational changes, legislative impacts or other economic events affecting the County's operations, which could not have reasonably been anticipated at the time the budget was prepared. Funding is targeted at 1.5% of locally funded appropriation.

Uncertainties Contingencies

Any unallocated funding available from current year sources (both ongoing and one-time) that has not been set-aside or contributed to reserves is budgeted in the contingencies for uncertainties.

Ongoing Set-Aside Contingencies

The County budget process differentiates between ongoing and one-time revenue sources. Ongoing set-asides represent ongoing sources of funding that have been targeted for future ongoing program needs. There are no ongoing set-aside contingencies.

	2014-15 Adopted Budget	2014-15 Approved Contributions/ (Uses)	2015-16 Recommended Contributions / (Uses)	2015-16 Recommended Budget
Contingencies				
Mandatory Contingencies (1.5% of Locally Funded Appropriation)	8,923,944		578,712	9,502,656
Uncertainties Contingencies	45,515,935	36,709,276	(58,805,655)	23,419,556
Total Contingencies	54,439,879	36,709,276	(58,226,943)	32,922,212

2014-15 Changes to Uncertainties Contingencies

In 2014-15, there was a net contribution of \$36,709,276. The major adjustments are as follows:

- \$16,742,096 contribution as the result of the the release of the Workers Compensation Rebate Reserve.
- \$23,325,620 contribution due to increases in countywide discretionary revenue related to an increase in property tax revenues associated with the higher than anticipated growth in assessed valuation, an increase in residual payments related to the dissolution of the Redevelopment Agencies, and an increase in federal Payment in Lieu of Taxes revenue.
- \$5,660,519 contribution due to the release of a portion of the Labor reserve for incentive payments in 2013-14.
- A use of \$2,043,773 to fund the payment of the remaining Property Tax Administration (PTAF) settlement to cities.
- A use of \$2,701,268 to fund increases resulting from changes in employee MOU agreements.
- A use of \$1,075,773 to fund increased information technology infrastructure projects in the Sheriff's Department's budget.



- A use of \$1,461,945 to return reserve amounts to the General Plan/Development Code Amendments reserve that were allocated in 2013-14 that remained unspent at the end of the year.

2015-16 Mandatory Contingencies

The base allocation to the mandatory contingencies is \$9,502,656, the amount required pursuant to Board policy, based on projected locally funded appropriation of \$633.5 million.

2015-16 Uncertainties Contingencies

All available General Fund sources not appropriated in the Recommended Budget or contributed to General Fund Reserves are reflected in the recommended Uncertain Contingencies of \$23,419,556.

RESERVES

The County has a number of reserves that have been established over the years. Some are for specific purposes, such as to meet future known obligations or to build a reserve for capital projects. The General Purpose reserve are funds held to protect the County from unforeseen increases in expenditures or reductions in revenues, or other extraordinary events, which would harm the fiscal health of the County. On January 6, 1998, the Board of Supervisors adopted a County policy to provide guidelines and goals for reserve levels. The current policy calls for the County General Purpose Reserve target to be 20% of locally funded appropriation. The Board of Supervisors also established specific purpose reserves to set aside funds to meet future needs.

2015-16 Recommended Contributions and Uses

The Fund Balance and Reserve Policy calls for a General Purpose Reserve targeted at 20% of locally funded appropriation, up from the previous target of 10%. The 2015-16 recommended contribution to the General Purpose Reserve brings the balance in the General Purpose Reserve to 14.0% of locally funded appropriation. The Fund Balance and Reserve Policy calls for continued annual contributions of one-time sources to this reserve until the 20% target is achieved. For 2015-16 contributions to Specific Purpose reserves include amounts set-aside to fund Capital Improvement Projects, Transportation Projects, the Earned Leave Reserve contribution, and many other important projects and future potential costs, as shown in the following tables.



			Total Reserves		
	6/30/14 Ending Balance	Approved 2014-15	6/30/15 Ending Balance	Recommended 2015-16	6/30/16 Estimated Balance
		Contributions		Contributions	
		Uses		Uses	
General Purpose Reserve	82,440,902		82,440,902	6,335,500	88,776,402
Specific Purpose Reserves					
Asset Replacement		1,899,098	1,899,098		1,899,098
CalFresh Waiver Discontinuance	5,000,000		5,000,000	(1,275,000)	3,725,000
Capital Projects					
Animal Shelter	10,000,000		10,000,000		10,000,000
303 Building Upgrades	4,000,000	(4,000,000)	-		-
County Buildings and Acquisition Retrofit Project	4,000,000		4,000,000		4,000,000
Lake Gregory Dam	-	5,000,000	5,000,000	3,803,000	8,803,000
Public Defender - Victorville/Rancho Court Remodel	-	600,000	430,000		430,000
Rancho Court Remodel - District Attorney	-	1,570,000	270,000	(270,000)	-
Rim Forest Drainage	5,900,000		5,900,000	(874,098)	5,025,902
Sheriff Building	-	5,000,000	-		-
Capital Improvements	-		-	6,700,000	6,700,000
Computer Systems:					
New Property Tax System	20,000,000		20,000,000	5,000,000	25,000,000
New Financial Accounting System	13,000,000		13,000,000		13,000,000
Permit Systems Upgrade	2,000,000	2,160,902	2,389,538	(183,000)	2,206,538
County Fire Consolidated Headquarters	-		-	13,500,000	13,500,000
County Fire - Fire Training Center	-		-	820,000	820,000
Earned Leave	10,603,137	7,945,799	15,539,679	7,945,799	23,485,478
Future Space Needs	-		-		-
Give BIG San Bernardino County	-		-	200,000	200,000
Insurance	3,000,000		3,000,000		3,000,000
Jail Upgrades					
Adelanto Detention Center	9,969,361		9,969,361		9,969,361
Glen Helen Rehabilitation Center 512 Bed Step Housing Program	22,500,000		22,500,000		22,500,000
West Valley Detention Center ADA Improvements	7,000,000		7,000,000		7,000,000
Labor	-	15,100,000	7,333,063	2,500,000	9,833,063
Land Use Services General Plan/Development Code Amendments	5,400,000	1,461,945	4,553,408	1,518,988	5,752,350
Litigation Expenses	-		-	3,000,000	3,000,000
Litigation	-		-	1,350,000	1,350,000
Medical Center Debt Service	32,074,905		32,074,905		32,074,905
Redevelopment Agency Overpayment	3,800,000		3,800,000		3,800,000
Restitution	1,545,025		1,545,025		1,545,025
Retirement	8,500,000		8,500,000		8,500,000
Transportation Projects					
Cedar Avenue Interchange	-		-	8,175,000	8,175,000
Glen Helen Grade Separation	5,328,000	(5,328,000)	-		-
Glen Helen Parkway Bridge Replacement/Widening Construction	-	1,844,651	1,844,651	1,420,799	3,265,450
Green Tree Boulevard Connection	-		-	841,000	841,000
National Trails Highway	-	5,000,000	5,000,000	5,000,000	10,000,000
Rock Springs Bridge Replacement /Widening Construction	-	2,107,000	2,107,000		2,107,000
Stanfield Cutoff Road Repair and Bridge Replacement	-		-	405,000	405,000
Worker's Compensation Rebate	16,742,096	(16,742,096)	-		-
Total Specific Purpose	190,362,524		192,655,728		251,913,170
Total Reserves	272,803,426		275,096,630		340,689,572

Note: In prior years this schedule included the Teeter Reserve, which was included because the amount reserved exceeded the legally required amount. The Teeter Reserve is no longer funded in excess of the legally required amount and has been removed from this schedule.



	2010-11	2011-12	2012-13	2013-14	Estimated 2014-15	Recommended 2015-16
General Purpose	\$ 59.7	\$ 65.2	70.8	82.4	82.4	88.8
Specific Purpose						
Asset Replacement	-	-	-	-	1.9	1.9
Business Process Improvements	1.2	-	-	-	-	-
Cal Fresh Waiver Discontinuance	-	-	-	5.0	5.0	3.7
Capital Projects:	-	-	-	-	-	-
Animal Shelter	4.0	-	-	10.0	10.0	10.0
303 Building Upgrades	-	-	-	4.0	-	-
County Buildings and Acquisition Retrofit Project	-	-	-	4.0	4.0	4.0
Lake Gregory Dam	-	-	-	-	5.0	8.8
Public Defender - Victorville and Rancho Court Remodel	-	-	-	-	0.4	0.4
Rancho Court Remodel - District Attorney	-	-	-	-	0.3	-
Rim Forest Drainage	-	-	-	5.9	5.9	5.0
Sheriff Building	-	-	-	-	-	6.7
Capital Improvements	-	-	-	-	-	-
Computer Systems	-	-	-	-	-	-
New Property Tax System	-	9.0	20.0	20.0	20.0	25.0
New Financial Accounting System	-	-	-	13.0	13.0	13.0
Permit Systems Upgrade	-	-	-	2.0	2.4	2.2
County Fire Consolidated Headquarters	-	-	-	-	-	13.5
County Fire - Fire Training Center	3.0	4.0	-	-	-	0.8
Earned Leave	-	3.6	3.6	10.6	15.5	23.5
Future Space Needs	22.9	22.9	22.9	-	-	-
Give BIG San Bernardino County	-	-	-	-	-	0.2
Insurance	3.0	3.0	3.0	3.0	3.0	3.0
Jail Upgrades:	-	-	-	-	-	-
Adelanto Center	-	-	-	10.0	10.0	10.0
Glen Helen Rehabilitation	-	-	-	22.5	22.5	22.5
West Valley Detention Center	-	-	-	7.0	7.0	7.0
Labor	-	-	-	-	7.3	9.8
Land Use Services General Plan/Development Code Amendments	-	-	-	5.4	4.6	5.8
Litigation Expenses	-	-	-	-	-	3.0
Litigation	-	-	-	-	-	1.4
Medical Center Debt Service	32.1	32.1	32.1	32.1	32.1	32.1
Property Tax Admin Fee Litigation	-	14.2	-	-	-	-
Redevelopment Agency Overpayment	-	-	-	3.8	3.8	3.8
Restitution	1.5	1.5	1.5	1.5	1.5	1.5
Retirement	8.5	8.5	8.5	8.5	8.5	8.5
Transportation Projects	-	-	-	-	-	-
Cedar Avenue Interchange	-	-	-	-	-	8.2
Glen Helen Grade Separation	-	-	-	5.3	-	-
Glen Helen Parkway Bridge Replacement/Widening Construction	-	-	-	-	1.8	3.3
Green Tree Blvd Connection	-	-	-	-	-	0.8
National Trails Highway	-	-	-	-	5.0	10.0
Rock Springs Bridge Replacement/Widening Construction	-	-	-	-	2.1	2.1
Stanfield Cutoff Road Repair and Bridge Replacement	-	-	-	-	-	0.4
Workers Compensation Rebate	-	-	-	16.7	-	-
Total Specific Purpose	76.2	98.8	91.6	190.3	192.7	251.9
Total Reserves⁽¹⁾	\$ 135.9	\$ 164.0	\$ 162.4	\$ 272.7	\$ 275.1	\$ 340.7

⁽¹⁾ Totals may not be exact due to rounding

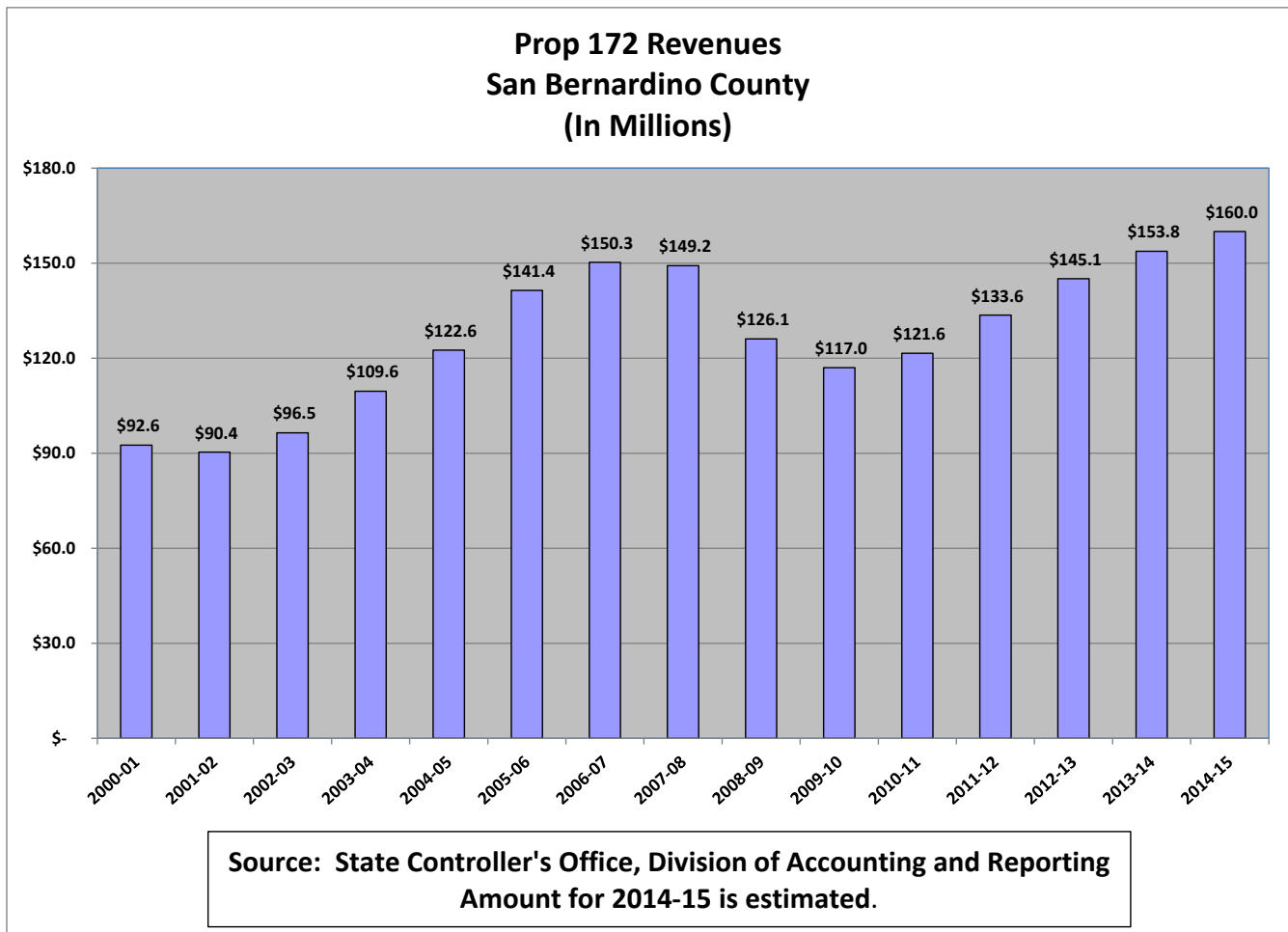
Note: In prior years this schedule included the Teeter Reserve, which was included because the amount reserved exceeded the legally required amount. The Teeter Reserve is no longer funded in excess of the legally required amount and has been removed from this schedule.



PROPOSITION 172

Proposition 172 (Prop 172), which became effective January 1, 1994, placed a one-half percent sales tax rate in the State's Constitution and required that revenue from the additional one-half percent sales tax be used only for local public safety activities, which include but are not limited to sheriff, police, fire protection, county district attorney, and county corrections. Funding from Prop 172 enabled counties and cities to substantially offset the public safety impacts of property tax losses resulting from the State property tax shift to the Educational Revenue Augmentation Fund (ERAF).

The one-half percent sales tax imposed by Prop 172 is collected by the state and apportioned to each county based on its proportionate share of statewide taxable sales. In accordance with Government Code 30055, of the total Prop 172 revenue allocated to San Bernardino County, 5% is distributed to cities affected by the property tax shift and 95% remains within the County. The following chart reflects the annual amount of Prop 172 revenues received by San Bernardino County, excluding the cities' distributions, for the past 15 years.



On August 22, 1995, the County Board of Supervisors approved the recommendation that defined the following departments as the public safety services designated to receive the County's 95% share of Prop 172 revenue, consistent with Government Code Section 30052, and authorized the Auditor-Controller/Treasurer/Tax Collector to deposit the County's portion of the Prop 172 revenue as follows:

➤	Sheriff/Coroner/Public Administrator	70.0%
➤	District Attorney	17.5%
➤	Probation	12.5%

Prop 172 revenue currently represents a significant funding source for the Sheriff/Coroner/Public Administrator, District Attorney, and Probation departments. Each year, as part of the budget development process, Prop 172 projections are developed based on staff analysis of revenue trends and forecasts provided by an outside economist.

On February 13, 2007, the Board of Supervisors approved a policy which requires the County to maintain an appropriation for contingency for Prop 172 funds targeted at no less than 10% of the current year's budgeted Prop 172 revenues. This 10% contingency was created to ensure funding for these public safety departments should the County experience Prop 172 revenue shortfalls in the future. These contingencies are maintained for each respective department within the Prop 172 restricted general fund.

The chart below illustrates the estimated beginning and ending fund balances of the Prop 172 restricted general fund, budgeted revenue and departmental usage for 2015-16, the required 10% contingency target, and the amount above that target.

	Estimated Beginning Fund Balance	2015-16 Budgeted Revenue	2015-16 Budgeted Usage	Estimated Ending Fund Balance	10% Contingency	Amount Above Required Contingency
Sheriff/Coroner	15,590,641	115,426,700	(115,360,000)	15,657,341	11,542,670	4,114,671
District Attorney	4,515,724	28,857,250	(28,840,000)	4,532,974	2,885,725	1,647,249
Probation	2,869,299	20,631,050	(20,600,000)	2,900,349	2,063,105	837,244
Total	22,975,664	164,915,000	(164,800,000)	23,090,664	16,491,500	6,599,164



REALIGNMENT FUNDS

Beginning in 1991, the State of California shifted the fiscal and programmatic responsibility of several health and social services programs from the State to counties. In 2011 the State shifted more social services and mental health programs to the counties along with law enforcement services. Separate budget units were established to account for the realigned program funding for the following service areas:

1991 Realignment
Mental Health
Social Services
Health

2011 Realignment
Law Enforcement
Support Services

Other Realignment
CalWORKs MOE
Family Support

These Realignment budget units receive funds through a portion of sales tax and vehicle license fees. The budget units do not directly spend funds or provide service, but rather transfer funds to the operating budget units of the departments that incur the actual expenditures related to the realigned programs. The breakdown of the revenue received and departmental usage for each of the individual Realignment budget units are included in this section.

With the realignment of many state services, counties have become increasingly dependent on sales tax and vehicle license fee revenue for these realigned programs. This puts the County at the mercy of the business cycle, as funding will rise and fall in direct correlation to the State's economy. While sales taxes are not projected to decrease in 2015-16, retail spending tends to be much more volatile and quicker to react to changes in the economy, resulting in a higher risk of funding losses in future years. In addition, when the economy is doing well, the demand for public services goes down, but when the economy begins to retract, the demand for those services rises while revenues decrease, making the County more vulnerable to market fluctuations. Therefore the County maintains reserves in the 1991 Realignment funds and will establish reserves for the 2011 Realignment funds to address sales tax volatility.

1991 Realignment

In 1991, the State shifted responsibility for a number of mental health, social services, and health programs to counties. This shift, known as 1991 Realignment, resulted in the creation of two dedicated funding streams to pay for the shifted services: a one-half cent Sales Tax and 24.33% of Vehicle License Fee (VLF) revenues made available by a change in the depreciation schedule for vehicles. Pursuant to SB 1096, Chapter 21, Statutes of 2004, the Vehicle License Fee was reduced from 2.0% of the market value of a vehicle to 0.65% of the market value. SB 1096 also changed the percentage of the VLF revenue allocated to Realignment from 24.33% to 74.9%. This change did not result in increased VLF revenues to 1991 Realignment, but simply reflects the same funding amount expressed as a percentage of the reduced revenue collected. Each of the three service areas identified was required to have their own separate accounts established and each of those service areas receive a different share of statewide 1991 Realignment revenue.

Within the mental health area, the County is now responsible for the following programs: community-based mental health programs, State Hospital services for County patients, and Institutions for Mental Disease. Within the social services area, the County is now responsible for the following programs: the County revenue stabilization program and the County justice subvention program. Within the health area, the County is now responsible for the following programs: AB8 County health services, local health services, medically indigent services, and the County medical services program.

In addition to these program responsibility shifts, a number of programs had changes made to their cost sharing ratios. For example, prior to 1991 Realignment, Foster Care non-federal reimbursable costs were funded by 95% State resources and 5% County resources. As a realigned program, Foster Care is funded with 40% State resources and 60% County resources, significantly impacting County resources.

The 1991 Realignment program has some flaws in its design that adversely impact San Bernardino County revenues. First, San Bernardino County is an "under-equity county," meaning that the County receives a lesser



share of revenue relative to other counties based on population and estimated poverty population. Revenue distributions among counties were determined by expenditures in the programs that were transferred just prior to the adoption of Realignment. San Bernardino County was under-equity in those programs. 1991 Realignment did attempt to address the inequity issue, but the effort fell short. The County continues to be under-equity at this time and barring any legislative action the amount of inequity will increase over time. As growth occurs in the revenue streams, incremental new funding is distributed on existing sharing arrangements between the counties. The counties that are already over-equity get a higher percentage of the new revenue while those that are under-equity get less.

The 1991 Realignment legislation allows for some flexibility in usage of funds at the County level. Upon action by the Board of Supervisors, a county can transfer 10% of a given year's revenue from one fund to another. San Bernardino County has used this provision in the past to help support either the health or social services programs; however, the County has not made a 10% transfer in the prior ten fiscal years and is not budgeting one for 2015-16. In the event that such transfer is needed, Board of Supervisors approval is required.

2011 Realignment

In 2011, through Public Safety Realignment (AB 109), the State addressed prison overcrowding by shifting custodial responsibility of non-violent, non-sex, and non-sex-against-children ('Triple-Nons') offenders to local jails. In addition, the parole function of the State was delegated to county Probation departments; parole revocation hearings were shifted to the local jurisdictions and cases were assigned to the District Attorney and Public Defender. The State also realigned Juvenile Reentry and Trial Court Security by placing 100% of the financial burden of those programs on the County. The justification for the 'Public Safety Realignment' is that it gives the County flexibility to better provide mental health and social services to the recently incarcerated in the hopes of reducing recidivism and having the net effect of lowering both jail and prison population.

In conjunction with AB 109, the State also shifted full financial burden of many social service and mental health programs to the County, including: Adult Protective Services, Foster Care, Child Welfare Services, Child Abuse Prevention and Intervention, Drug Court, and Medi-Cal substance abuse treatment programs. The County was responsible for delivery of these programs before realignment, but with the shift, the State no longer participates in the share of cost. While the State no longer shares in the cost, it has dedicated a portion of the state sales tax (1.0625%) revenue, along with a portion of vehicle license fees for these realigned programs. The County continues to receive federal funding in all of these programs at different levels depending on the program.

In November 2012, the California voters passed Proposition 30 which increased both Sales and Income Tax. The measure also dedicated a funding stream for 2011 Realignment in the State Constitution. That process has mitigated the revenue stream doubts that existed with the onset of 2011 Realignment, but funding will now be directly dependent on the health of the economy.

The two service areas of 2011 Realignment, Law Enforcement Services and Support Services, have each been assigned their own budget unit. The Law Enforcement Services budget unit has four subaccounts: Trial Court Security (administered by the Sheriff/Coroner/Public Administrator's department); District Attorney/Public Defender (which share the funds equally); Juvenile Justice (administered by Probation); and Community Corrections. The Community Corrections subaccount is administered by the Local Community Corrections Partnership which consists of a membership defined by Penal Code Section 1230 (including the Chief Probation Officer, the Sheriff/Coroner/Public Administrator, the District Attorney, the Public Defender, and Social Services Executives). As established by State law, the County's Local Community Corrections Partnership (CCP) has authority over the allocation of revenue from the Community Corrections subaccount. Historically, additional subaccount revenue has been used to cover the cost of new Public Safety Realignment programs. The CCP has also allocated additional estimated revenue from the subaccount to fund existing Public Safety Realignment program inflationary costs (e.g., retirement increases, negotiated employee cost increases).

The Support Services budget unit has two subaccounts: Behavioral Health and Protective Services. The Department of Behavioral Health allocates the subaccount funding to Specialty Mental Health, Drug Court, and the Drug Medi-Cal substance use disorder treatment programs while Human Services allocates the Protective



Services subaccount to the appropriate social service programs. The 2011 Realignment legislation allows counties to allocate up to 10% between the Behavioral Health and Protective Services subaccounts. The 10% is based on the amount deposited in the previous year in the subaccount with the lowest balance. The County is not budgeting a transfer between subaccounts in 2015-16 and, in the event that such transfer is needed, Board of Supervisors approval is required. The Board of Supervisors also has the discretion to establish a Support Services Reserve Subaccount by up to five-percent (5%) from each subaccount's previous year's deposits.

Other Realignment

The State is redirecting funding from 1991 Realignment for Mental Health Services to the CalWORKs MOE portion related to 2011 Realignment. Sales tax and vehicle license fee revenue that previously was directed to the fund for Mental Health matching funds is now going to the CalWORKs MOE fund. The CalWORKs MOE budget unit provides funding to pay benefits to CalWORKs clients. The Mental Health funding now comes in the form of a defined monthly amount taken off the top of 2011 Realignment revenues. Government code establishes a statewide amount of \$1.121 billion per year directed to the Mental Health Fund with future growth in the CalWORKs MOE fund to be directed to Mental Health as well.

Assembly Bill 85 (AB85) was signed into law on June 27, 2013, in order to provide a mechanism for the State of California to redirect a portion of 1991 Realignment for Health Services to fund social service programs. This shift is due to the idea that less health realignment is necessary as a result of the implementation of the Affordable Care Act. Per Welfare and Institutions Code 176500.10(a)(5) and AB85 legislation the establishment of a new Family Support subaccount was required at the local level. This funding replaces State General Fund to fund the non-federal share of CalWORKs benefits.

Budgetary Note: The methodology used to present budget information in the Realignment budget sections was changed as of the 2014-15 Adopted Budget Book. Growth and ongoing revenues are now reflected in the period the revenue is received and is consistent with other County budget reporting. A line has been added for each budget unit to reflect prior year growth revenue received so it is shown separately from regular revenues received in the budget unit. Previously, financial information presented in the Realignment budget sections was consistent with state reporting requirements for the 1991 Realignment funds. The State's reporting requirements are not consistent with the County's implementation of GASB 34, as it relates to revenue accrual. This is a revenue timing issue only as a result of delays by the State in distributing sales tax growth revenue.



MENTAL HEALTH

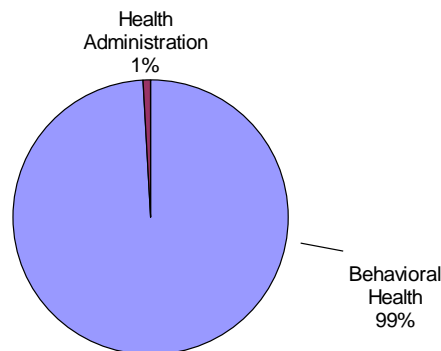
	ACTUAL 2013-14	MODIFIED BUDGET 2014-15	ESTIMATED 2014-15	RECOMMENDED BUDGET 2015-16
Beginning Fund Balance	39,912,103	47,364,635	47,364,635	62,110,689
Revenue	56,884,377	56,470,493	56,775,313	56,280,019
Prior Year Growth Revenue	511,662	-	1,569,349	-
Departmental Usage	49,943,507	56,026,577	43,598,608	59,382,343
10% Transfers	-	-	-	-
Ending Fund Balance	47,364,635	47,808,551	62,110,689	59,008,365
Change in Fund Balance	7,452,533	443,916	14,746,054	(3,102,324)

Revenues are projected to exceed departmental usage in 2014-15 primarily due to a decrease in the number of clients requiring services without benefit of Medi-Cal or other coverage as a result of the implementation of the Affordable Care Act. This results in an increase in estimated fund balance of \$14.7 million. Fund balance is budgeted to decrease by \$3.1 million in 2015-16 due to additional departmental usage for the expansion of clinic facilities and services to meet client needs. While sales tax is projected to increase statewide, due to the passage of Proposition 30, the allocation provided to the Mental Health 1991 Realignment account is a fixed amount, and is no longer subject to sales tax volatility.

Prior year growth revenue of \$1.6 million was received in 2014-15. Although prior year growth revenue is also expected to be received in 2015-16, it has not been included in the budget at this time due to the uncertainty of the amount and the timing of the actual receipt of the funds. Departmental usage will continue to be monitored closely to ensure that fund balance is maintained at adequate levels.

DEPARTMENTAL USAGE OF MENTAL HEALTH 1991 REALIGNMENT

	ACTUAL 2013-14	MODIFIED BUDGET 2014-15	ESTIMATED 2014-15	RECOMMENDED BUDGET 2015-16
Behavioral Health	49,785,925	55,456,371	43,182,265	58,860,940
Health Administration	157,582	570,206	416,343	521,403
Total Departmental Usage	49,943,507	56,026,577	43,598,608	59,382,343

2015-16 Recommended

SOCIAL SERVICES

	ACTUAL 2013-14	MODIFIED BUDGET 2014-15	ESTIMATED 2014-15	RECOMMENDED BUDGET 2015-16
Beginning Fund Balance	62,273,692	81,189,104	81,189,104	84,135,793
Revenue	102,391,288	100,745,583	99,861,655	100,576,259
Prior Year Growth Revenue	7,550,210	-	771,552	-
Departmental Usage	91,026,086	100,612,927	97,686,518	105,405,832
10% Transfers	-	-	-	-
Ending Fund Balance	81,189,104	81,321,760	84,135,793	79,306,220
Change in Fund Balance	18,915,412	132,656	2,946,689	(4,829,573)

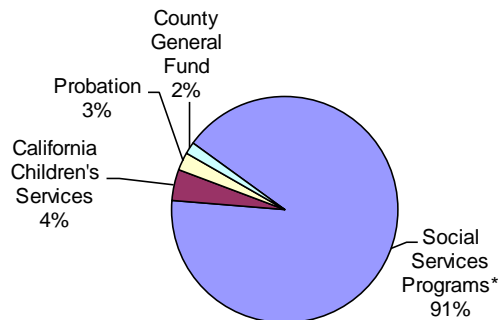
Revenues are projected to exceed departmental usage in 2014-15, resulting in a \$2.9 million increase in fund balance. Departmental usage is budgeted to exceed revenues in 2015-16 primarily due to the addition of positions in Children and Family Services to service increased caseload levels, resulting in a decrease in fund balance of \$4.8 million.

Social Services has priority claim on any 1991 Realignment sales tax growth received. Prior year growth revenue of \$771,552 was received in 2014-15. Although prior year growth revenue is expected in 2015-16, it has not been included in the budget at this time due to the uncertainty of the amount and the timing of the actual receipt of the funds. Departmental usage will continue to be monitored closely to ensure that fund balance is maintained at adequate levels, to mitigate potential operational impacts of sales tax fluctuations.

DEPARTMENTAL USAGE OF SOCIAL SERVICES 1991 REALIGNMENT

	ACTUAL 2013-14	MODIFIED BUDGET 2014-15	ESTIMATED 2014-15	RECOMMENDED BUDGET 2015-16
Social Services Programs*	86,602,991	91,427,151	90,528,758	96,220,056
California Children's Services	2,624,095	4,686,146	2,658,130	4,686,146
Probation	-	2,700,630	2,700,630	2,700,630
County General Fund	1,799,000	1,799,000	1,799,000	1,799,000
Total Departmental Usage	91,026,086	100,612,927	97,686,518	105,405,832

* Social Services Programs include: Foster Care (AAB BHI), Administrative Claim matches (AAA DPA), Aid to Adoptive Children (AAB ATC), and Health Administration Support (AAA HCC).

2015-16 Recommended

HEALTH

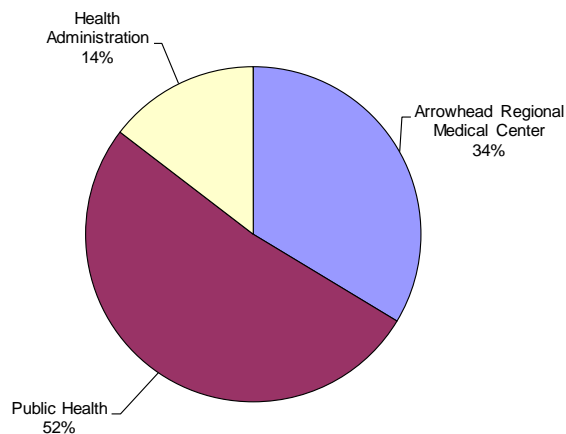
	ACTUAL 2013-14	MODIFIED BUDGET 2014-15	ESTIMATED 2014-15	RECOMMENDED BUDGET 2015-16
Beginning Fund Balance	106,916,066	68,011,436	68,011,436	86,823,633
Revenue	43,541,924	52,667,953	51,155,842	29,914,502
Prior Year Growth Revenue	3,135,394	-	1,668,279	-
Departmental Usage	85,581,948	38,662,816	34,011,924	31,392,834
10% Transfers	-	-	-	-
Ending Fund Balance	68,011,436	82,016,573	86,823,633	85,345,301
Change in Fund Balance	(38,904,630)	14,005,137	18,812,197	(1,478,332)

Revenues are projected to exceed departmental usage in 2014-15, resulting in an increase in fund balance of \$18.8 million. Revenues are projected to decrease in 2015-16 as a result of Assembly Bill 85 legislation which redirects health realignment to the State to fund social services programs due to the passage of the Affordable Care Act. Departmental usage is budgeted to exceed revenues in 2015-16, resulting in a decrease of fund balance of \$1.5 million.

Prior year growth revenue of \$1.7 million was received in 2014-15. Although prior year growth revenue is expected to be received in 2015-16, it has not been included in the budget at this time due to the uncertainty of the amount and the timing of the actual receipt of the funds. Departmental usage will continue to be monitored closely to ensure that fund balance is maintained at adequate levels to mitigate potential operational impacts of sales tax fluctuations.

DEPARTMENTAL USAGE OF HEALTH 1991 REALIGNMENT

	ACTUAL 2013-14	MODIFIED BUDGET 2014-15	ESTIMATED 2014-15	RECOMMENDED BUDGET 2015-16
Arrowhead Regional Medical Center	71,889,439	18,455,792	12,455,796	10,561,681
Public Health	14,157,542	15,204,966	14,704,966	16,253,196
Health Administration	(465,033)	5,002,058	6,851,162	4,577,957
Total Departmental Usage	85,581,948	38,662,816	34,011,924	31,392,834

2015-16 Recommended

LAW ENFORCEMENT SERVICES

	ACTUAL 2013-14	MODIFIED BUDGET 2014-15	ESTIMATED 2014-15	RECOMMENDED BUDGET 2015-16
Beginning Fund Balance	24,122,966	26,295,636	26,295,636	29,747,284
Revenue	101,519,789	97,874,281	105,172,734	116,730,607
Prior Year Growth Revenue	14,935,209	0	6,652,221	0
Departmental Usage	114,282,328	120,669,560	108,373,307	120,115,160
Ending Fund Balance	26,295,636	3,500,357	29,747,284	26,362,731
Change in Fund Balance	2,172,670	(22,795,279)	3,451,648	(3,384,553)

2011 Realignment required each county to develop an implementation plan approved by the Local Community Corrections Partnership and the Board of Supervisors. Since the plan included a significant number of additional positions requiring extensive background checks, departments were unable to fully implement AB 109 programs as quickly as anticipated. As a result, a fund balance of \$26.3 million existed in the Law Enforcement Services budget unit at the beginning of 2014-15. Revenues are projected to exceed departmental usage in 2014-15, resulting in an increase of \$3.5 million in fund balance. Departmental usage is budgeted to exceed revenues in 2015-16 due to the funding of various one-time needs, resulting in a decrease in fund balance of \$3.4 million.

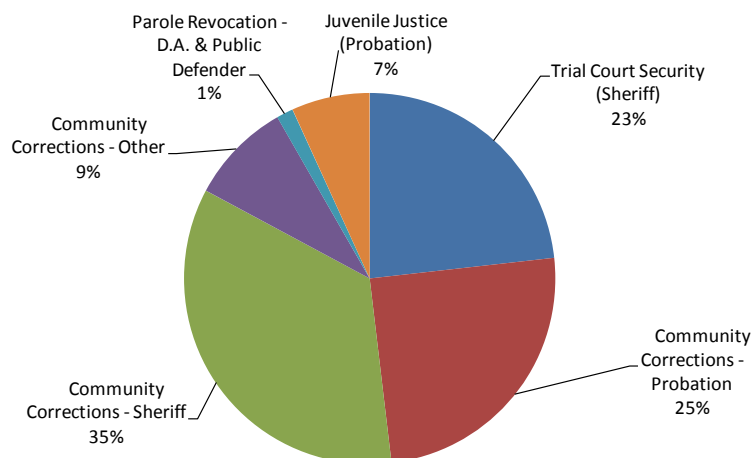
Prior year growth revenue of \$6.7 million was received in 2014-15, which is available to fund one-time needs. Although growth revenue is expected to be received in 2015-16, it has not been included in the budget at this time due to the uncertainty of the amount and the timing of the actual receipt of the funds. Fund balance will be used for one time needs and to establish reserves for sales tax volatility.

Departmental usage of 2011 Realignment funding for Law Enforcement Services is detailed in the table and chart on the following page.



DEPARTMENTAL USAGE OF LAW ENFORCEMENT SERVICES 2011 REALIGNMENT

	ACTUAL 2013-14	MODIFIED BUDGET 2014-15	ESTIMATED 2014-15	RECOMMENDED BUDGET 2015-16
Trial Court Security (Sheriff)	26,864,501	27,000,000	27,000,000	27,903,518
Community Corrections:				
Probation	33,089,832	42,806,912	34,805,775	29,909,524
Sheriff/Coroner/Public Administrator	35,704,940	32,175,892	27,291,301	41,695,857
District Attorney	2,843,626	3,051,151	2,870,581	3,036,570
Public Defender	2,169,610	2,169,593	2,169,593	2,330,391
Public Health	93,255	99,605	90,092	106,359
Aging and Adult Services	12,925	12,951	5,750	0
Behavioral Health	4,119,277	4,124,016	4,124,015	3,736,462
Alcohol and Drug Services	0	0	0	1,100,433
Workforce Development	192,506	182,000	182,000	211,854
Transitional Assistance	8,625	0	0	0
Human Resources	126,409	118,382	118,382	141,236
Subtotal Community Corrections	78,361,005	84,740,502	71,657,489	82,268,686
Parole Revocation:				
District Attorney	614,500	567,773	567,773	873,948
Public Defender	614,500	567,773	567,773	873,948
Subtotal Parole Revocation	1,229,000	1,135,546	1,135,546	1,747,896
Juvenile Justice (Probation):				
Youthful Offender Block Grant	7,683,512	7,683,512	8,454,272	8,050,060
Juvenile Reentry	144,310	110,000	126,000	145,000
Subtotal Juvenile Justice	7,827,822	7,793,512	8,580,272	8,195,060
Total Departmental Usage	114,282,328	120,669,560	108,373,307	120,115,160

2015-16 Recommended

SUPPORT SERVICES

	ACTUAL 2013-14	MODIFIED BUDGET 2014-15	ESTIMATED 2014-15	RECOMMENDED BUDGET 2015-16
Beginning Fund Balance	47,023	8,243,888	8,243,888	16,136,049
Revenue	129,170,689	144,093,619	146,897,266	152,423,797
Prior Year Growth Revenue	9,396,399	0	5,526,531	0
Departmental Usage	130,370,223	145,268,424	144,531,636	154,926,330
Ending Fund Balance	8,243,888	7,069,083	16,136,049	13,633,516
Change in Fund Balance	8,196,865	(1,174,805)	7,892,161	(2,502,533)

Revenues are projected to exceed departmental usage in 2014-15, resulting in an increase in fund balance of \$7.9 million. Departmental usage is budgeted to exceed revenues in 2015-16, resulting in a decrease of \$2.5 million in the Support Services fund balance.

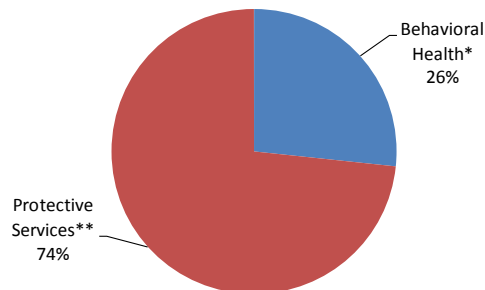
Prior year growth revenue of \$5.5 million was received in 2014-15 which is available to fund one-time needs. Although prior year growth revenue is expected to be received in 2015-16, it has not been included in the budget at this time due to the uncertainty of the amount and the timing of the actual receipt of the funds. Fund balance will be used for one time needs and to establish reserves for sales tax volatility.

DEPARTMENTAL USAGE OF SUPPORT SERVICES 2011 REALIGNMENT

	ACTUAL 2013-14	MODIFIED BUDGET 2014-15	ESTIMATED 2014-15	RECOMMENDED BUDGET 2015-16
Behavioral Health*	33,922,670	37,614,135	37,716,612	41,347,604
Protective Services**	96,447,553	107,654,289	106,815,024	113,578,726
Total Departmental Usage	130,370,223	145,268,424	144,531,636	154,926,330

*The Behavioral Health subaccount funds Drug Court and Rehabilitative Services.

**The Protective Services subaccount funds Adult Protective Services, Foster Care Administration, Foster Care Assistance, Child Welfare Services, Aging & Adult Administration, Aging & Adult Assistance, Child Abuse Prevention, and Probation Programs for Juveniles.

2015-16 Recommended

CalWORKs MOE

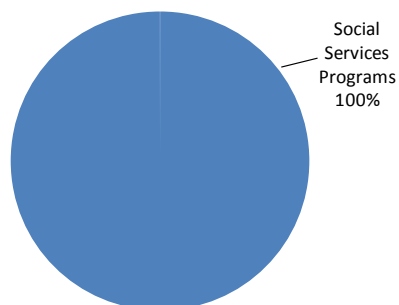
	ACTUAL 2013-14	MODIFIED BUDGET 2014-15	ESTIMATED 2014-15	RECOMMENDED BUDGET 2015-16
Beginning Fund Balance	5,369,185	0	0	0
Revenue	52,316,452	92,884,985	95,879,745	123,340,301
Prior Year Growth Revenue	3,256,225	0	5,844,262	0
Departmental Usage	60,941,862	92,884,985	101,724,007	123,340,301
Ending Fund Balance	0	0	0	0
Change in Fund Balance	(5,369,185)	0	0	0

Funding for the CalWORKs MOE comes from both Sales Tax and Vehicle License Fee revenues. These revenues originally funded Mental Health but, as part of 2011 Realignment, the funds were redirected to CalWORKs. There is not expected to be any fund balance in this budget unit since amounts received are immediately transferred to the budget unit used for assistance payments to CalWORKs clients.

DEPARTMENTAL USAGE OF CalWORKs MOE REALIGNMENT

	ACTUAL 2013-14	MODIFIED BUDGET 2014-15	ESTIMATED 2014-15	RECOMMENDED BUDGET 2015-16
Social Services Programs	60,941,862	92,884,985	101,724,007	123,340,301
Total Departmental Usage	60,941,862	92,884,985	101,724,007	123,340,301

2015-16 Recommended



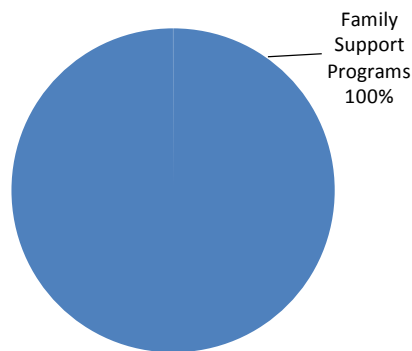
FAMILY SUPPORT

	ACTUAL 2013-14	MODIFIED BUDGET 2014-15	ESTIMATE 2014-15	RECOMMENDED BUDGET 2015-16
Beginning Fund Balance	0	0	0	0
Revenue	6,994,825	66,829,650	64,962,028	76,336,129
Prior Year Growth Revenue	0	0	10,563,626	0
Departmental Usage	6,994,825	66,829,650	75,525,654	76,336,129
Ending Fund Balance	0	0	0	0
Change in Fund Balance	0	0	0	0

This budget unit was established in 2013-14 per Welfare and Institutions Code 17600.10(a)(5). Funding for Family Support comes from counties' indigent health care savings that are redirected from counties' Health 1991 Realignment Subaccount and moved to the new Family Support subaccount at the State level. Funds are allocated to counties from the Family Support subaccount in lieu of State general fund for CalWORKs assistance payments. The distribution of funds is based on counties' CalWORKs general fund expenditures. There is not expected to be any fund balance in this budget unit since amounts received are immediately transferred to the budget unit used for assistance payments to CalWORKs clients.

DEPARTMENTAL USAGE OF FAMILY SUPPORT REALIGNMENT

	ACTUAL 2013-14	MODIFIED BUDGET 2014-15	ESTIMATED 2014-15	RECOMMENDED BUDGET 2015-16
Family Support Programs	6,994,825	66,829,650	75,525,654	76,336,129
Total Departmental Usage	6,994,825	66,829,650	75,525,654	76,336,129

2015-16 Recommended

AUTOMATED SYSTEMS DEVELOPMENT

The Automated Systems Development budget unit is a restricted general fund that was established in 2011-12 to fund the development, upgrade, and/or replacement of the County's Financial Accounting System (FAS), a core information technology system; and for other future developments.

The new FAS project is a countywide collaborative effort to replace the existing financial accounting system that was implemented over 20 years ago and does not provide either the efficiencies or information for managing County functions that modern systems provide. In 2011-12, the Board of Supervisors approved a \$6.0 million allocation of Discretionary General Funding to fund this project, and added an additional \$6.0 million mid-year. Although it hasn't been placed in this budget unit, an additional \$13.0 million has been set-aside in general fund reserves for this project. A Request for Information was released in July 2011 and the resulting information was utilized to prepare a scope of services. In 2012-13, the County contracted with the Government Finance Officers Association, which has a history of successful government accounting information system installations, to oversee the Request for Proposal process for the County. In 2013-14 the County released the Request for Proposal. Implementation of the new system is anticipated to start in 2015-16.

Requirements of \$11.8 million represent staffing and application development costs associated with the new FAS replacement project. Staffing expenses of \$1.7 million represents 12 new positions added in 2015-16 to assist Auditor-Controller/Treasurer/Tax Collector, Finance and Administration, and Information Services in the implementation and operation of the new system. Operating Expenses are increasing \$521,789 to fund start-up costs associated with the addition of staffing to the project. In this budget unit, Capital Expenditures represent funds that have not been allocated to a specific expenditure. In 2015-16, Capital Expenditures are decreasing \$2.3 million due to the budgeting of expenditures that have been identified for the start-up of the new system (staffing and operating expenses).

Below is a table detailing budgeted requirements for this unit in 2015-16.

	2011-12 Actual	2012-13 Actual	2013-14 Actual	2014-15 Estimate	2014-15 Modified Budget	2015-16 Recommended Budget	Change From 2014-15 Modified Budget
<u>Requirements</u>							
Staffing Expenses	0	0	0	0	0	1,679,507	1,679,507
Operating Expenses	0	78,635	52,637	72,650	368,728	890,517	521,789
Capital Expenditures	0	0	0	0	11,500,000	9,226,054	(2,273,946)
Total Exp Authority	0	78,635	52,637	72,650	11,868,728	11,796,078	(72,650)
Reimbursements	0	0	0	0	0	0	0
Total Appropriation	0	78,635	52,637	72,650	11,868,728	11,796,078	(72,650)
Operating Transfers Out	0	0	0	0	0	0	0
Total Requirements	0	78,635	52,637	72,650	11,868,728	11,796,078	(72,650)
<u>Sources</u>							
Taxes	0	0	0	0	0	0	0
Realignment	0	0	0	0	0	0	0
State, Fed or Gov't Aid	0	0	0	0	0	0	0
Fee/Rate	0	0	0	0	0	0	0
Other Revenue	0	0	0	0	0	0	0
Total Revenue	0	0	0	0	0	0	0
Operating Transfers In	0	0	0	0	0	0	0
Total Financing Sources	0	0	0	0	0	0	0
Net County Cost	0	78,635	52,637	72,650	11,868,728	11,796,078	(72,650)
Budgeted Staffing*	0	0	0	-	0	12	12

* Data represents modified budgeted staffing



COUNTY OF SAN BERNARDINO

The County of San Bernardino's 2015-16 Recommended Budget covers the period from July 1, 2015 – June 30, 2016. The 2015-16 Recommended Budget represents a consolidation of all County entities which includes \$5.2 billion in budgeted requirements and sources as well as 21,755 in budgeted staffing. The budget consists of several funds including the general fund, restricted funds, capital project funds, special revenue funds, internal service funds, enterprise funds and permanent funds. Each department is responsible for operating within their budget and has the authority to spend up to the approved budget.

When developing their individual budgets, each department considers the Countywide Vision and goals and objectives of the County of San Bernardino approved by the Board of Supervisors (Board):

Countywide Vision

In 2010, the Board set out to establish a Countywide Vision for the future of the county as a whole, seeking input from the community through an online survey, town hall meetings and more than two dozen industry-specific focus groups. The County partnered with the San Bernardino Associated Governments (SANBAG) representing the county's 24 cities and towns on this effort that culminated in development of the Countywide Vision Statement and report, which were endorsed and adopted by the Board on June 30, 2011.

We envision a complete county that capitalizes on the diversity of its people, its geography, and its economy to create a broad range of choices for its residents in how they live, work, and play.

We envision a vibrant economy with a skilled workforce that attracts employers who seize the opportunities presented by the county's unique advantages and provide the jobs that create countywide prosperity.

We envision a sustainable system of high-quality education, community health, public safety, housing, retail, recreation, arts and culture, and infrastructure, in which development complements our natural resources and environment.

We envision a model community which is governed in an open and ethical manner, where great ideas are replicated and brought to scale, and all sectors work collaboratively to reach shared goals.

From our valleys, across our mountains, and into our deserts, we envision a county that is a destination for visitors and a home for anyone seeking a sense of community and the best life has to offer.

The Countywide Vision report and related documents are available for review at www.sbcounty.gov/vision.

County Paradigm and Job Statement

Following the adoption of the Countywide Vision, the Board adopted the County paradigm and job statements on April 10, 2012. These statements describe County government's role in achievement of the Vision.

Our Paradigm: The County of San Bernardino is a regional government. We understand that every aspect of the quality of life in a community is part of an interrelated system. The County takes responsibility for ensuring that the community has determined how, when and by whom each element of that system is being addressed in pursuit of our shared Vision of the county and the future we desire.

Our Job: Our job is to create a county in which those who reside and invest can prosper and achieve well-being.

2015-16 County Goals and Objectives

The Board has annually established goals for the County since 2010. These goals seek to improve County government by providing a unified focus for all departments, clarifying roles and responsibilities, ensuring



alignment and proper allocation of fiscal and human resources, and fostering collaboration with other governmental agencies.

The Board approved the following 2015-16 County Goals and Objectives on April 7, 2015.

Implement the Countywide Vision

- *Continue the County role of convening conversations on community collaboration and collective action.*
- *Continue to promote the Countywide Vision and support the Element Groups.*

Create, Maintain, and Grow Jobs and Economic Value in the County

- *Focus on training and employment for the unemployed and underemployed, developing a more highly-educated and trained workforce.*
- *Continue business retention and expansion programs while implementing office and industrial attraction strategies for companies providing high-paying jobs.*
- *Provide stable governmental leadership, consistent decision-making and efficient processing to inspire confidence in investors and ensure a business-friendly environment.*
- *Compete globally, regionally and locally for businesses and investment.*
- *Utilize County programs and resources to support the local economy, maximize job creation and promote tourism.*

Improve County Government Operations

- *Maintain clear lines of authority and clarity in terms of roles, responsibilities and governance of all County departments and programs.*
- *Develop an approach to evaluate the performance of department heads who report to the Board.*
- *Continue to develop and maintain consistent messaging for the organization.*
- *Ensure that employees know that they and their work are valued.*
- *Monitor and evaluate operations and implement strategies to continually improve efficiency, effectiveness, and collaboration.*

Operate in a Fiscally-Responsible and Business-Like Manner

- *Develop a long-term budget plan which brings County operations into both fiscal and programmatic balance, including full funding of reserves for infrastructure and operating system maintenance and replacement.*
- *Invest County resources in ways which create more ongoing revenue to reinvest in maintaining and improving services.*
- *Eliminate silos and consolidate and centralize administrative functions, including financial management and oversight.*
- *Implement information management best-practices that will fully utilize available technology, unify platforms and move toward a standardized enterprise approach.*

Ensure Development of a Well-Planned, Balanced, and Sustainable County

- *Ensure that the County's approach to development recognizes the diverse character of County unincorporated areas.*
- *Work collaboratively with cities on zoning and development standards in their spheres of influence.*
- *Prioritize investments in services and amenities for County unincorporated communities.*

Provide for the Safety, Health, and Social Service Needs of County Residents

- *Partner with County and non-County agencies and maximize the use of Federal and State programs and funding to address the public health, safety and social service needs of County residents and move participants to self-sufficiency.*
- *Support efforts to improve the capacity of non-profit organizations to help address the needs of County residents.*



Pursue County Goals and Objectives by Working with Other Agencies

- *Work with Federal, State and regional governments and organizations, to ensure San Bernardino County receives its fair share of resources.*
- *Collaborate with other agencies to help shape legislation and regulations which affect the County.*
- *Maintain close working relationships with cities, tribes and other governmental agencies.*

Performance Measurements

As part of the continuing effort to align resources with operational priorities, each department was asked to review existing performance measurements to ensure alignment with the 2015-16 County Goals and Objectives. These measurements should be realistic, easily quantifiable, and reflect progress on long-term multi-year strategic initiatives or the accomplishment of shorter-term tactical goals, that directly correlate to the identified County objectives and reflect activities within the department's control. Performance measurement progress continues to be reported as part of each quarterly budget report.

The 2015-16 Recommended Budget book includes prior year accomplishments, departmental strategies to achieve County Goals and Objectives and departmental performance measures to demonstrate if departments are meeting the County Goals and Objectives. The following chart provides a sample of specific department performance measures for 2015-16:



SYNOPSIS OF SAN BERNARDINO COUNTY GOALS, OBJECTIVES, AND PERFORMANCE MEASURES

DEPARTMENT	OBJECTIVE	PERFORMANCE MEASURE
IMPLEMENT THE COUNTYWIDE VISION		
County Administrative Office	Continue the County role of convening conversations on community collaboration and collective action.	Coordinate launch of a literacy initiative in support of the Vision's Cradle to Career Regional Implementation Goal (Target: 100%).
Community Development and Housing	Continue the County role of convening conversations on community collaboration and collective action.	Activities, events and programs completed by the Affordable Housing Collaborative (2014-15 Target: 6).
Public Health	Continue to promote the Countywide Vision and support the Element Groups.	Complete the 2015-16 Work Plan for addressing priorities of the Wellness Element Group of the Countywide Vision (Target: 100%).
CREATE, MAINTAIN, AND GROW JOBS AND ECONOMIC VALUE IN THE COUNTY		
Clerk of the Board	Provide stable government leadership, consistent decision-making and efficient processing to inspire confidence in investors and ensure a business-friendly environment.	Turnaround time for processing new business licenses (Target: 10 days).
Purchasing	Provide stable government leadership, consistent decision-making and efficient processing to inspire confidence in investors and ensure a business-friendly environment.	Average vendor satisfaction on 100% scale (Target: 87%).
Economic Development	Continue business retention and expansion programs while implementing office and industrial attraction strategies for companies providing high-paying jobs.	Number of jobs resulting from County Economic Development attraction and expansion efforts (Target: 1,650).
Workforce Development	Focus on training and employment for the unemployed and under-employed, developing a more highly-educated and trained workforce.	Customers receiving training services (Target: 1,600).
Airports	Continue business retention and expansion programs while implementing office and industrial attraction strategies for companies providing high-paying jobs.	Number of businesses operating on airport properties (commercial leases) (Target: 88).
Regional Parks	Utilize County programs and resources to support the local economy, maximize job creation and promote tourism.	Percentage of seasonal part-time employees under the age of 21 (Target: 59%).
IMPROVE COUNTY GOVERNMENT OPERATIONS		
Fleet Management	Monitor and evaluate operations and implement strategies to continually improve efficiency, effectiveness, and collaboration.	Current level of uptime (vehicle availability) of light-duty vehicles serviced at Fleet facilities (Target: 95%).
Arrowhead Regional Medical Center	Monitor and evaluate operations and implement strategies to continually improve efficiency, effectiveness, and collaboration.	Percentage of survey respondents who would "definitely" recommend the hospital (Target: 72%).
Land Use Services	Monitor and evaluate operations and implement strategies to continually improve efficiency, effectiveness, and collaboration.	Complete initial review of planning permit applications within 3 weeks of acceptance (Target: 70%).
Public Works	Monitor and evaluate operations and implement strategies to continually improve efficiency, effectiveness, and collaboration.	Percentage of flood control basins cleaned out to full capacity before rainy season (Target: 99%).
OPERATE IN A FISCALLY-RESPONSIBLE AND BUSINESS-LIKE MANNER		
Information Services Department	Implement information management best-practices that will fully utilize available technology, unify platforms and move toward a standardized enterprise approach.	Percentage of current year's task for the 800 MHz system upgrade completed (Target: 100%).
Risk Management	Develop a long-term budget plan which brings County operations into both fiscal and programmatic balance, including full funding of reserves for infrastructure and operation system maintenance and replacement.	Cost of risk as a percentage of County budget (Target: <2%).
Assessor-Recorder-County Clerk	Invest County resources in ways which create more ongoing revenue to reinvest in maintaining and improving services.	Percentage of completed Business Property Statements filed by the annual deadline (Target: 99%).
Architecture and Engineering	Invest County resources in ways which create more ongoing revenue to reinvest in maintaining and improving services.	Reduction in electricity usage (kilowatt hours - kWh) (Target: 970,000).
Special Districts	Implement information management best-practices that will fully utilize available technology, unify platforms and move toward a standardized enterprise approach.	Percentage of annual required sewer line inspections and cleanings completed (Target: 100%).
ENSURE DEVELOPMENT OF A WELL-PLANNED, BALANCED, AND SUSTAINABLE COUNTY		
Land Use Services	Ensure that the County's approach to development recognizes the diverse character of County unincorporated areas.	Complete 2015-16 annual work plan for Countywide Plan and Community Plans (Target: 100%).
PROVIDE FOR THE SAFETY, HEALTH AND SOCIAL SERVICE NEEDS OF COUNTY RESIDENTS		
Behavioral Health	Partner with County and non-County agencies and maximize the use of Federal and State programs and funding to address the public health, safety and social service needs of County residents and move participants to self-sufficiency.	Number of Medi-Cal clients served by County behavioral health services (Target: 36,115).
Child Support Services	Partner with County and non-County agencies and maximize the use of Federal and State programs and funding to address the public health, safety and social service needs of County residents and move participants to self-sufficiency.	Amount of child support collected for every dollar expended (Target: \$4.35).
Children and Family Services	Partner with County and non-County agencies and maximize the use of Federal and State programs and funding to address the public health, safety and social service needs of County residents and move participants to self-sufficiency.	Increase of newly licensed foster family homes (Target: 145).
District Attorney	Partner with County and non-County agencies and maximize the use of Federal and State programs and funding to address the public health, safety and social service needs of County residents and move participants to self-sufficiency.	Number of victims served at the Children's Assessment Center (Target: 1,750).
Probation	Partner with County and non-County agencies and maximize the use of Federal and State programs and funding to address the public health, safety and social service needs of County residents and move participants to self-sufficiency.	Percentage of adult supervision cases recidivating (Target: 26%).
Public Defender	Partner with County and non-County agencies and maximize the use of Federal and State programs and funding to address the public health, safety and social service needs of County residents and move participants to self-sufficiency.	Number of Social Service Practitioner referrals for adult cases (Target: 375).
Sheriff/Coroner/Public Administrator	Partner with County and non-County agencies and maximize the use of Federal and State programs and funding to address the public health, safety and social service needs of County residents and move participants to self-sufficiency.	Number of contacts with homeless individuals, which results in an estimated 30% annual referral rate for housing assistance (Target: 665).
County Fire Protection District	Partner with County and non-County agencies and maximize the use of Federal and State programs and funding to address the public health, safety and social service needs of County residents and move participants to self-sufficiency.	Percentage reduction in the number of hospital readmissions to ARMC for Medi-Care patients (Target: 30%).
PURSUE COUNTY GOALS AND OBJECTIVES BY WORKING WITH OTHER AGENCIES		
Auditor-Controller/Treasurer/Tax Collector	Maintain close working relationships with cities, tribes and other governmental agencies.	Percentage of apportionments completed by the third week of the following fiscal year (Target: 100%).
Public Health	Maintain close working relationships with cities, tribes and other governmental agencies.	Number of Rescue Group Partners (Target: 400).
Veterans Affairs	Work with Federal, State and regional governments and organizations, to ensure San Bernardino County receives its fair share of resources.	Percentage of College Fee Waiver letters mailed within 10 days of application (Target: 100%).



BUDGET PLANNING CALENDAR

ONGOING

Policy Direction - The Board of Supervisors provides ongoing policy direction to the Chief Executive Officer.

Significant Budgetary or Programmatic Impacts – Significant budgetary or programmatic changes and potential impacts are immediately communicated to the County Administrative Office and the Board of Supervisors to allow for timely decision-making and policy direction.

Year-End Estimates - Departments provide year-end estimates of revenues and expenditures to Finance and Administration on a monthly basis and any significant changes are addressed timely.

Quarterly Budget Reports - Each quarter the County Administrative Office brings an agenda item to the Board of Supervisors requesting modification to the adopted budget. These quarterly budget adjustments serve as a management tool to help each department assess the current environment, and anticipate and respond appropriately to that environment. In addition, the quarterly budget adjustments provide the Board of Supervisors with the most current information on County department revenues (sources) and appropriation (requirements) with which to base decisions, and serve as a guideline to lead the County in preparing the upcoming budget.

OCTOBER THROUGH DECEMBER

Capital Improvement Plan – Departments submit annual capital improvement requests for improvements to land or structures that exceed \$5,000. These requests include a project description and justification, financial impact, and funding source. The requests are evaluated and prioritized by Finance and Administration and provided to the Chief Executive Officer for comments and recommendations, and presented to the Board of Supervisors for final approval. In addition, departmental five-year capital improvement plans are updated to re-evaluate priorities based on changing circumstances, staffing levels, and available funding.

Fee and Internal Service Rate Development – Departments develop their recommended fee changes and internal service rate adjustments for the upcoming budget year and submit them to Finance and Administration for review and recommendation to the Chief Executive Officer, and to the Board of Supervisors for final approval. Departments are required to compute their full cost of service, capturing both direct and indirect costs associated with fees and internal service rates. Departments are able to recommend an alternate fee amount to the Board of Supervisors, if based on their knowledge, implementation of a full cost fee or internal service rate would not be beneficial.

JANUARY AND FEBRUARY

Five-Year Fiscal Forecast – Finance and Administration develops a Five-Year Fiscal Forecast of financial operations for general fund programs, projecting major revenues (sources) and expenditures (requirements), based on current service levels and expected future changes to those programs or service levels. The analysis includes the identification of trends, significant impacts, and recommendations, which are presented to the Chief Executive Officer for recommendation to the Board of Supervisors for final approval.

Budget Prep System – The in-house budget system is updated for changes in the various Memorandums of Understanding between the County and the various employee representation units.

MARCH AND APRIL

Budget Prep System – The system is opened up for departmental input in preparation of the budget submittal and internal training is conducted for all users of the system.

County Fiscal Plan – The upcoming five-year County fiscal plan is developed based on revenue projections and estimates for cost increases of ongoing costs for the five years. This plan includes the allocation of discretionary



general funding (net county cost) and provides estimates of any remaining funding or shortfall needed to maintain current services.

Preparation of Recommended Budget – Departments develop their respective recommended budgets and submit them to Finance and Administration for review, and to the Chief Executive Officer for recommendation, and to the Board of Supervisors for final approval. General fund departments must budget within their respective net county cost allocations given to them based on the strategic plan. Special Revenue Funds, Internal Service Funds, and Enterprise Funds may budget requirements in excess of current year sources which reflects an operational decision to utilize assets that have been carried over from the prior periods.

APRIL THROUGH JUNE

Internal Service Rates – The rates charged by departments for services provided to other departments are brought before the Board of Supervisors for approval. In addition to rates for internal service funds, rates for services provided by general fund departments, such as Facilities Management, Human Resources, and Architecture and Engineering are also approved.

Fee Hearing – The Board of Supervisors conducts a public hearing on the Recommended Fee changes for the upcoming fiscal year. Approved fee changes are included in the Recommended Budget submittals to the Board of Supervisors.

Fiscal Overview – The Board of Supervisors conducts a special meeting to receive a presentation from the Chief Executive Officer on the County's current and projected financial condition. The presentation includes a preview of the Recommended Budget including proposed budget programs, potential issues and also provides the Board of Supervisors the opportunity to discuss and provide input for development of the County's Recommended Budget.

Submission of Recommended Budget – The Recommended Budget Book is finalized and presented to the Board of Supervisors. The County Administrative Office publishes notices and schedules public hearings to discuss the Recommended Budget.

Budget Hearing and Adoption of Adopted Budget – The Board of Supervisors conducts a public hearing on the Recommended Budget. At this time, the Board may modify the Recommended Budget. All Board approved changes are incorporated into the Adopted Budget.

JULY THROUGH SEPTEMBER

Budget Prep System – Finance and Administration makes final budget changes to the Budget Prep System for items approved by the Board of Supervisors, including final fund balance adjustments.

Preparation of Adopted Budget Book – Finance and Administration updates the Recommended Budget Book to reflect final changes.

Calendar for the 2015-16 Budget

December 2, 2014	Fee Instructions to Departments
December 4, 2014	Capital Improvement Call Letter to Departments
February 6, 2015	Departments Submit Fee Workbooks
February 2, 2015	Departments Submit Capital Improvement Requests
March 16, 2015	Budget Prep System opened for Departmental Input
March 12, 2015	Budget Prep System Training



March 27, 2015	Budget Instructions to Departments
April 13, 2015	Departments Submit Budget Workbooks
April 14, 2015	2015-16 Fee Workshop
May 19, 2015	2015-16 Internal Service Rates Approved
May 12, 2015	2015-16 Budget Workshop and Fiscal Overview
June 2, 2015	Recommended Budget Delivered to the Board of Supervisors
May 19, 2015	Fee Hearing
June 16, 2015	Budget Hearing and Adoption of 2014-15 Budget
September 2015	Adopted Budget Book Printed

General Fund Budget Process

The County Administrative Office has the responsibility of developing the County fiscal plan for all general fund departments. This plan begins with a Five-Year Fiscal Forecast which is detailed in the Discretionary General Funding section of the Executive Summary. This forecast highlights what costs are planned to be incurred and the revenue projections in the upcoming fiscal year, as well as the next four fiscal years. The County uses this forecast to build their fiscal plan for the five years beginning 2015-16.

The County fiscal plan also focuses on the two restricted funding sources, Proposition 172, 1991 and 2011 Realignment. **Proposition 172** assists in funding the Sheriff/Coroner/Public Administrator, District Attorney, and Probation departments. **1991 Realignment** assists in funding the general fund departments of Human Services (well-being services for citizens), Behavioral Health, and Public Health for mental health, social services, and health programs. **2011 Realignment** assists in funding the general fund departments of Human Services, Sheriff/Coroner/Public Administrator, Probation, District Attorney, Public Defender and Behavioral Health for public safety, health and welfare programs.

For some departments, budgets are also built utilizing revenues generated from fees. On April 14 and May 19, 2015 the Board of Supervisors discussed fee changes as well as the fee process and held a fee hearing. The fee hearing is designed to take public testimony related to fee changes for the 2015-16 fiscal year. The majority of approved fees become effective July 1, 2015.

Other Funds Budget Process

In addition to the general fund, the County of San Bernardino has capital project funds, special revenue funds, enterprise funds and internal service funds. All of these funds are restricted to the revenue sources they receive. Each department having these types of funds is responsible for developing its budget based on the revenue (sources) available to them. These sources include projected revenue to be collected in 2015-16 and any revenue not spent and carried forward from prior years (for example, fund balance for special revenue funds). These budgets will also be discussed during the Budget Hearing. When the Board of Supervisors adopts the recommended budget, they will also approve the necessary fund balance adjustments to special revenue funds to agree to the Auditor-Controller/Treasurer/Tax Collector's actual fund balance.

Other Entities Budget Process

In 2014-15, Board Governed Special Districts and Other Agencies (referred to collectively as "entities") were consolidated into a uniform, Countywide budget process. These entities include special revenue funds, capital project funds, internal service funds, enterprise funds and permanent funds. Acting as the appropriate governing body, the Board is presented with and adopts a recommended budget for each respective entity.



The 2015-16 Recommended Budget, including all entities and funds discussed above, is scheduled for hearing and adoption on June 16, 2015.

Amending the Adopted Budget

An operating budget is adopted each fiscal year for all Governmental Funds. Expenditures are controlled at the appropriation unit level within budget units for the County. Any increases in appropriation in a budget unit after adoption of the adopted budget will be submitted on a quarterly budget report placed on the agenda of the Board of Supervisors and a four-fifths vote is necessary for approval.

Transfers of appropriation within the same budget unit may be approved by the County Administrative Office depending upon the appropriation unit, unless noted below:

Transfer of Salaries and Benefits Appropriation:

- Transfers out require Board of Supervisors approval and should be included in a quarterly budget report.

Transfers of Fixed Asset Appropriation:

- Transfers in and out among the different fixed asset appropriation units are approved by the County Administrative Office as long as the total fixed asset appropriation does not increase.
- Transfers out of Fixed Asset Appropriation-
 - Transfers out increasing a non-fixed asset appropriation unit within individual Capital Improvement Program (CIP) project budgets are approved by the County Administrative Office as long as the total project budget does not increase.
 - Transfers out increasing a non-fixed asset appropriation unit are required to be included in the quarterly budget reports for Board of Supervisors approval, except within the CIP, as detailed above.
- Transfers in of Fixed Asset Appropriation-
 - Transfers in from a non-fixed asset appropriation unit to fund a unit value less than \$10,000 may be approved by the County Administrative Office.
 - Transfers in from a non-fixed asset appropriation unit to fund a unit value of \$10,000 or more are required to be included in the quarterly budget reports for Board of Supervisors approval.

Transfers impacting Operating Transfers Out Appropriation:

- Any changes to Operating Transfers Out are required to be included in the quarterly budget reports for Board of Supervisors approval.



BUDGET BOOK FORMAT

Budget units presented in this book are displayed at a fund/department level. Although some departments incorporate additional organizational levels when developing their budgets, the fund/department level of presentation was selected to provide consistency between all budget units. A sample of the departmental budget format is included in this overview.

DEPARTMENT Department Head

The department name and responsible administrator are listed at the top.

DEPARTMENT MISSION STATEMENT

A clear, concise statement of purpose for the department that focuses on the broad, yet distinct, results the department will achieve.

Photo of
the
Department
Head

ORGANIZATIONAL CHART

Demonstrates the names of key personnel and departmental structure by function, including budgeted staffing counts.

To determine total budgeted staffing, count the values listed in each box.

SUMMARY OF BUDGET UNITS

2015-16						
	Requirements	Sources	Net County Cost	Use of / (contribution to) Fund Balance	Use of / (contribution to) Net Position	Staffing
General Fund						
Name of General Fund Budget Unit	0	0	0			0
Total General Fund	0	0	0			0
Special Revenue Funds						
Name of Special Revenue Fund Budget Unit	0	0		0		0
Total Special Revenue Funds	0	0		0		0
Internal Service Funds						
Name of ISF Budget Unit	0	0			0	0
Total Internal Service Funds	0	0			0	0
Enterprise Funds						
Name of EF Budget Unit	0	0			0	0
Total Enterprise Funds	0	0			0	0
Total - All Funds	0	0	0	0	0	0



2014-15 MAJOR ACCOMPLISHMENTS

← 2014-15 Major Accomplishments provides significant departmental accomplishments during the last fiscal year.

DEPARTMENT GOALS AND OBJECTIVES

COUNTY GOAL: BLANK		Measure	2013-14 Actual	2014-15 Target	2014-15 Est.	2015-16 Target
OBJECTIVE			0	0	0	0
OBJECTIVE						
STRATEGY						
STRATEGY						
STRATEGY						

↑ The above table lists the County Goal and Objectives, department strategies and performance measures for the 2015-16 fiscal year.

The budget unit name is listed at the top, and begins the section on specific budget unit information. Up to this point the data has been departmental.

→ **Name of Budget Unit**

DESCRIPTION OF MAJOR SERVICES

← Description of Major Services provides a narrative describing the function and activity of the budget unit.

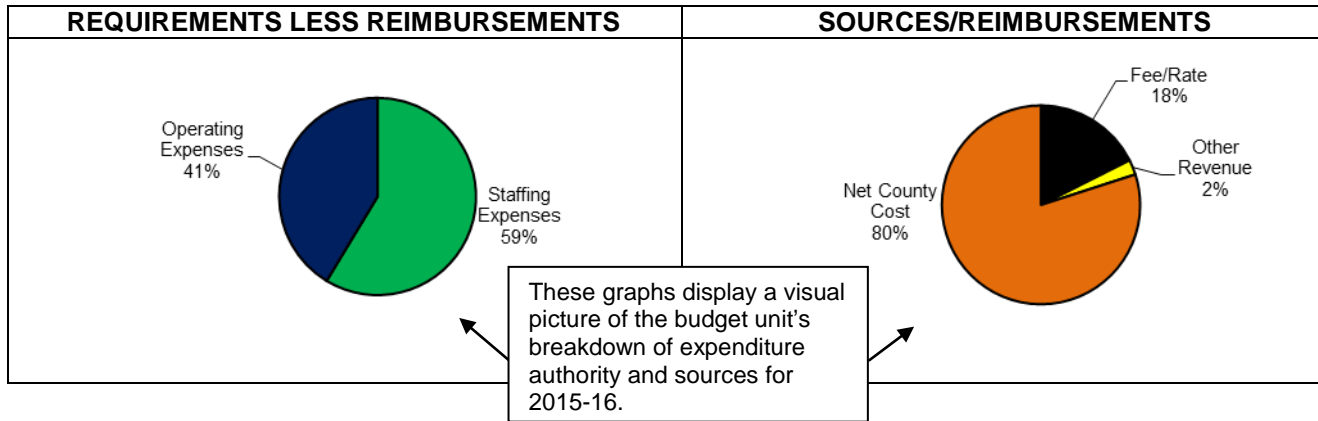
Budget at a Glance

Requirements Less Reimbursements	\$5,434,814
Sources/Reimbursements	\$501,095
Net County Cost	\$4,933,719
Total Staff	17
Funded by Net County Cost	91%

↗ Budget at a Glance lists the budget unit's 2015-16 total requirements less reimbursements, total sources plus reimbursements, total budgeted staffing and percentage of net county cost or use of carry over funding, if any.



2015-16 RECOMMENDED BUDGET



ANALYSIS OF 2015-16 RECOMMENDED BUDGET

The header shows which budget unit you are looking at and lists the Function and Activity per state guidelines.

GROUP: -
DEPARTMENT: -
FUND: -

BUDGET UNIT: -
FUNCTION: -
ACTIVITY: -

	2011-12 Actual	2012-13 Actual	2013-14 Actual	2014-15 Estimate	2014-15 Modified Budget	2015-16 Recommended Budget	Change From 2014-15 Modified Budget
Requirements							
Staffing Expenses	0	0	0	0	0	0	0
Operating Expenses	0	0	0	0	0	0	0
Capital Expenditures	0	0	0	0	0	0	0
Contingencies	0	0	0	0	0	0	0
Total Exp Authority	0	0	0	0	0	0	0
Reimbursements	0	0	0	0	0	0	0
Total Appropriation	0	0	0	0	0	0	0
Operating Transfers Out	0	0	0	0	0	0	0
Total Requirements	0	0	0	0	0	0	0
Sources							
Taxes	0	0	0	0	0	0	0
Realignment	0	0	0	0	0	0	0
State, Fed or Gov't Aid	0	0	0	0	0	0	0
Fee/Rate	0	0	0	0	0	0	0
Other Revenue	0	0	0	0	0	0	0
Total Revenue	0	0	0	0	0	0	0
Operating Transfers In	0	0	0	0	0	0	0
Total Sources	0	0	0	0	0	0	0
Net County Cost	0	0	0	0	0	0	0
Budgeted Staffing	0	0	0	0	0	0	0



DETAIL OF 2015-16 RECOMMENDED BUDGET

Detail of 2015-16 Recommended Budget section only applies to funds that have been consolidated for presentation purposes (i.e. Assessor/Recorder/County Clerk Recorder Special Revenue Funds, Human Services Subsistence funds, etc.) This section depicts the budget detail of each individual budget unit for 2015-16, including staffing, requirements, sources, net county cost, fund balance, and net position, where applicable; and also includes a description of major programmatic changes in expenditures and revenues (sources).

MAJOR EXPENDITURES AND REVENUE IN 2015-16 RECOMMENDED BUDGET

The Major Expenditures and Revenue in 2015-16 Recommended Budget section briefly describes significant budgeted expenditures and sources included within the Departments' recommended budget.

BUDGET CHANGES AND OPERATIONAL IMPACT

The Budget Changes and Operational Impact section briefly describes any major budget unit program impacts, and highlights the 2015-16 budget, including significant changes in requirements and sources from the prior year Modified budget.

2015-16 POSITION SUMMARY

Division	2014-15 Modified Staffing	Adds	Deletes	Reorgs	2015-16 Recommended	Limited	Regular
					0		
					0		
Total	0	0	0	0	0	0	0

The 2015-16 Position Summary above displays 2014-15 modified staffing by division within the budget unit (as of the 2014-15 2nd Quarter Budget Report adopted on March 3, 2015) and the details regarding if positions have been added, deleted or reorganized to derive the 2015-16 recommended staffing. It also provides limited and regular position counts for 2015-16 budgeted staffing.

STAFFING CHANGES AND OPERATIONAL IMPACT

The Staffing Changes and Operational Impact section briefly highlights budgeted staffing changes and operational impacts for 2015-16, including significant changes from the prior year budgeted staffing.

